



THE REPUBLIC OF POLAND



NATIONAL  
REFORM  
**PROGRAMME**

EUROPE 2020

**UPDATE 2017/2018**

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## Abbreviations:

<b>ADR</b> – Alternative Dispute Resolution	<b>ETUC</b> – European Trade Union Confederation
<b>AGS</b> – Annual Growth Survey	<b>EU</b> – European Union
<b>AKSES</b> – System of Accreditation and Operating Standards for Social Economy Support Institutions [ <i>System Akredytacji i Standardów Działania Instytucji Wsparcia Ekonomii Społecznej</i> ]	<b>EU ETS</b> – European Union Emission Trading Scheme
<b>ASOS</b> – Programme for Social Participation of Senior Citizens [ <i>Program na rzecz Aktywności Społecznej Osób Starszych</i> ]	<b>FGŚP</b> – Guaranteed Employment Benefit [ <i>Fundusz Gwarantowanych Świadczeń Pracowniczych</i> ]
<b>BAEL</b> – Labour Force Survey [ <i>Badanie Aktywności Ekonomicznej Ludności</i> ]	<b>FIO</b> – Civic Initiatives Fund [ <i>Fundusz Inicjatyw Obywatelskich</i> ]
<b>BGK</b> – Bank Gospodarstwa Krajowego, the only state-owned development bank in Poland	<b>FP</b> – Labour Fund [ <i>Fundusz Pracy</i> ]
<b>CAM</b> – Centre for Arbitration and Mediation [ <i>Centrum Arbitrażu i Mediacji</i> ]	<b>FUS</b> – Social Insurance Fund [ <i>Fundusz Ubezpieczeń Społecznych</i> ]
<b>CBOS</b> – Public Opinion Research Centre [ <i>Centrum Badania Opinii Społecznej</i> ]	<b>FZZ</b> – Trade Unions Forum [ <i>Forum Związków Zawodowych</i> ]
<b>CBR</b> – R&D Centre [ <i>Centrum badawczo-rozwojowe</i> ]	<b>GDP</b> – Gross Domestic Product
<b>CEF</b> – Connecting Europe Facility	<b>GERD</b> –Gross Domestic Expenditures on Research and Development
<b>CEiIDG</b> – Central Register and Information on Economic Activity [ <i>Centralna Ewidencja i Informacja o Działalności Gospodarczej</i> ]	<b>IBRIS</b> – Market and Social Research Institute [ <i>Instytut Badań Rynkowych i Społecznych</i> ]
<b>CEUPT</b> – Centre for EU Transport Projects [ <i>Centrum Unijnych Projektów Transportowych</i> ]	<b>IE OP GF</b> – Innovative Economy Operational Programme Guarantee Fund
<b>CIT</b> – Corporate Income Tax	<b>IPR</b> –Intellectual Property Rights
<b>CKP</b> – Centre for Practical Education [ <i>Centrum Kształcenia Praktycznego</i> ]	<b>IQS</b> – Integrated Qualifications System
<b>CM</b> – Council of Ministers	<b>IT</b> –information technology
<b>CMS</b> – Centre for Medical Simulation	<b>JTF</b> – Just Transition Fund
<b>CNG</b> – Compressed Natural Gas	<b>KIOP</b> – NGO Initiatives Competition [ <i>Konkurs Inicjatyw Organizacji Pozarządowych</i> ]
<b>Commission</b> – European Commission	<b>KNC</b> – Key National Cluster
<b>CPI</b> – Consumer Price Index	<b>KRUS</b> – Agricultural Social Insurance Fund [ <i>Kasa Rolniczego Ubezpieczenia Społecznego</i> ]
<b>CRRU</b> – Central Register of Restructuring and Bankruptcy [ <i>Centralny Rejestr Restrukturyzacji i Upadłości</i> ]	<b>KSUE</b> – EU Affairs Committee [ <i>Komisja do Spraw Unii Europejskiej</i> ]
<b>CSO</b> – Central Statistical Office of Poland [ <i>Główny Urząd Statystyczny</i> ]	<b>LEEP</b> – Low Emission Economy Plans
<b>CSR</b> – Country Specific Recommendation	<b>LGU</b> – Local Government Units
<b>CVP</b> – a MF project; the title combines CIT, VAT, and <i>Jednolity Plik Kontrolny</i> (Standard Audit File for Tax)	<b>LIP</b> – List of Integrated Projects
<b>DRS</b> –Demand Side Response	<b>M.P.</b> – Official Journal of the Republic of Poland [ <i>Monitor Polski</i> ]
<b>EAPN POLAND</b> – Polish Committee of the European Anti Poverty Network	<b>ME</b> – Ministry of Energy
<b>ECDL</b> –European Computer Driving Licence	<b>MED</b> – Ministry of Economic Development
<b>EDP</b> – Entrepreneurial Discovery Programme	<b>MF</b> – Ministry of Finance
<b>EFSI</b> – European Fund for Strategic Investments	<b>MFF</b> – Multiannual Financial Framework
<b>ELA</b> – graduate tracer studies [ <i>Ekonomiczne Losy Absolwentów</i> ]	<b>MFLSP</b> – Ministry of Family, Labour and Social Policy
<b>ERO</b> – Energy Regulatory Office [ <i>Urząd Regulacji Energetyki</i> ]	<b>MH</b> - Ministry of Health
<b>ESA</b> – European System of Accounts	<b>MIC</b> – Ministry of Infrastructure and Construction
<b>ESD</b> – Effort Sharing Decision	<b>MJ</b> – Ministry of Justice
<b>ESF</b> – European Social Fund	<b>MNE</b> – Ministry of National Education
<b>ETCS</b> –European Train Control System	<b>MoE</b> - Ministry of the Environment
	<b>MSHE</b> - Ministry of Science and Higher Education
	<b>NAWA</b> – National Agency for Academic Exchange [ <i>Narodowa Agencja Wymiany Akademickiej</i> ]
	<b>NCBR</b> – National Centre for Research and Development [ <i>Narodowe Centrum Badań i Rozwoju</i> ]
	<b>NEET</b> – not in employment, education or training
	<b>NFEP&amp;WM</b> – National Fund for Environmental Protection and Water Management

**NFZ** – National Health Fund [*Narodowy Fundusz Zdrowia*]  
**NIDP** – National Integrated Digitalisation Programme  
**NIP** – tax identification number [*Numer Identyfikacji Podatkowej*]  
**NIT** – National Institute of Technology [*Narodowy Instytut Technologiczny*]  
**NLI** – National Labour Inspectorate  
**NRP** – National Reform Programme  
**NRP 2017/2018** – National Reform Programme for Europe 2020 strategy implementation, revised for years 2017/2018  
**NSS** – National Smart Specialisation  
**NSZZ** – Independent Self-governing Labour Union [*Niezależny Samorządny Związek Zawodowy*]  
**OFE** – Open-ended Pension Funds [*Otwarte Fundusze Emerytalne*]  
**OHP** – Voluntary Labour Corps [*Ochotnicze Hufce Pracy*]  
**OOK** – Coordinated Care Organisation [*Organizacja Opieki Koordynowanej*]  
**OP DP** – Operational Programme Digital Poland  
**OP HC** – Operational Programme Human Capital  
**OP IE** – Operational Programme Infrastructure and Environment  
**OP KED** – Operational Programme Knowledge Education Development  
**OP SG** - Operational Programme Smart Growth  
**OPI** – Information Processing Centre [*Ośrodek Przetwarzania Informacji*]  
**OPZZ** – All-Poland Alliance of Trade Unions [*Ogólnopolskie Porozumienie Związków Zawodowych*]  
**PARP** – Polish Agency for Enterprise Development [*Polska Agencja Rozwoju Przedsiębiorczości*]  
**PAYT** – pay-as-you-throw  
**PFR** – Polish Development Fund [*Polski Fundusz Rozwoju*]  
**PFR** – Pre-Filled tax Return  
**PIP** – Information Point for Entrepreneurs [*Punkt Informacji dla Przedsiębiorców*]  
**PISA** – Programme for International Student Assessment  
**PIT** – Personal Income Tax  
**PKA** – Polish Accreditation Committee [*Polska Komisja Akredytacyjna*]  
**PNPP** – Polish Nuclear Power Programme  
**POZ** – Primary Health Care [*Podstawowa Opieka Zdrowotna*]  
**PPK** – Employee Capital Plans [*Pracownicze Plany Kapitałowe*]  
**PQF** – Polish Qualifications Framework  
**PRP** – Employers of Poland [*Pracodawcy Rzeczypospolitej Polskiej*]  
**PWSZ** – State University of Applied Sciences [*Państwowa Wyższa Szkoła Zawodowa*]

**R&D** – research and development  
**RDP** – Rural Development Programme  
**RDS** – Responsible Development Strategy  
**RES** – renewable energy sources  
**ROP** – Regional Operational Programmes  
**RP** – Republic of Poland  
**SEZ** – Special Economic Zones  
**SME** – small and medium-sized enterprises  
**Team** – Interministerial Team for Europe 2020 Strategy  
**UN** - United Nations  
**VAT** – Value Added Tax  
**VWMP** – Voivodeship Waste Management Plan  
**WHO** – World Health Organization  
**YEI** – Youth Employment Initiative  
**YG** – Youth Guarantee  
**ZRP** – Polish Craft Association [*Związek Rzemiosła Polskiego*]  
**ZUS** – Social Insurance Institution [*Zakład Ubezpieczeń Społecznych*]

## 1. Introduction

The key instrument for each Member State to implement the Europe 2020 strategy is the National Reform Programme (NRP), revised on an annual basis in accordance with the European Semester cycle. The European Semester is the cycle applicable to the coordination of economic and social policies across the European Union. When revising NRP, Member States provide the European Commission with updated versions of their Stability Programmes or Convergence Programmes, which enables it to link structural reform programming and budgetary planning processes.

The *National Reform Programme for Europe 2020 strategy implementation, revised for years 2017/2018* (hereinafter referred to as NRP 2017/2018) is the seventh edition of NRP. The first document was the *National Reform Programme for the implementation of Europe 2020 strategy*, adopted by the Council of Ministers on 26 April 2011. The document described the method of fulfilment of Poland's commitments with regard to the five headline targets of Europe 2020 strategy by 2020.

At the same time, Polish government declared that the following national targets would be achieved by 2020 with regard to the five headline targets of the strategy:

- 71% employment rate for the population aged 20-64;
- 1.7% of GDP invested in research and development (R&D);
- reduction of primary energy consumption to a level of about 96 Mtoe;
- reduction of the proportion of early school leavers to 4.5% and raising the proportion of 30–34 year aged university graduates up to 45%;
- reduction of the number of people at risk of poverty or social exclusion by 1.5 million.

The 2011 NRP was based on the assumption that the document and its subsequent revisions would take into account specific national conditions and directions of measures set forth in Polish strategic documents. At present, the key strategic document is the ***Responsible Development Strategy by 2020, with the framework until 2030 (RDS)***, adopted by the Council of Ministers on 14 February 2017. The development vision provided for in the Strategy consists in a paradigm shift with regard to development processes towards greater uniformity of those processes in territorial context. Therefore, RDS proposed an economic model based on sustainable and inclusive development, in line with the priorities of Europe 2020.

Moreover, the *Responsible Development Strategy* included all Europe 2020 strategy targets in its intervention and monitoring scope, and the target related to eliminating poverty and social exclusion was emphasised as one of the five main targets of RDS. Mid-term targets (by 2020) relating to employment, R&D, education, and energy were based on the national targets set in the 2011 *National Reform Programme*. The national targets remain valid. The current ratios indicate that in general Poland remains on the right path to achieve its targets, although the degree of such achievement varies (for more details, see Chapter 5.1. [Progress towards Europe 2020 targets](#)).

On the other hand, NRP 2017/2018 includes part of the key measures described in the *Responsible Development Strategy*, the period of development, adoption or implementation of which is in line with the time horizon and the framework of this document.

The *National Reform Programme* is a document presenting the policies and measures of each Member State towards the achievement of the targets laid down in Europe 2020 strategy and in the key European Semester documents, beginning with the *Annual Growth Survey 2017*. The economic priorities set in AGS have been confirmed at the summit held on 9 and 10 March this year and provide an important guidance with regard to the Member States' economic policies for 2017. With regard to AGS priorities, NRP 2017/2018 presented the main objectives of the government's new investment policy, as well as a set of structural reforms aimed at restoring the competitive advantage of Poland and improving social cohesion (Chapters 4 to 6). Implementation of the priority relating to

responsible budgetary policy is based on the principle of supporting inclusive economic growth which respects the rules of the Stability and Growth Pact; that principle has also been reflected in RDS. The forecasted economic growth has been presented in the Macroeconomic Scenario which forms Chapter 2.

Chapter 3 presents the general, [political response to the main challenges laid down by the Commission in the Country Report - Poland 2017](#).

Three subsequent chapters describe the measures initiated by the government, which respond to [the key challenges identified in the Country Report - Poland 2017](#) (Chapter 4), [Europe 2020 strategy targets](#) (Chapter 5), and [Council Recommendations for Poland 2016 \(CSR\)](#)<sup>1</sup> (Chapter 6). At the same time, in order to avoid repetitions, Chapter 4 presents only the measures that directly refer to the provisions of the *Country Report - Poland 2017* and do not implement Europe 2020 strategy or CSR 2016. Chapters 4 through 6 focus on presentation of the priority measures to be taken throughout the duration of NRP 2017/2018, i.e. from Q2 2017 to Q1 2018, or which have been initiated earlier but their impact horizon falls within that period, and the scale of their impact justifies their inclusion. It should be also pointed out that NRP 2017/2018 does not contain all government measures and initiatives related to social and economic policy, only those that can to the greatest extent contribute to the achievement of the targets laid down in Europe 2020 strategy or in the country specific recommendations (CSR), or those that respond best to the key challenges formulated in the *Country Report*. At the same time, the authors sought to omit measures of repetitive nature, resulting from prior commitments or multiannual programmes adopted, to present instead a set of measures with specified stages of implementation within the predefined time horizon (project framework).

All measures described in NRP include an indication of the ministry responsible for its implementation, as well as a schedule and estimated financial effects. The estimated financial effects of the measures planned for 2017 result from the Budget Act for 2017. The costs of measures for 2018 constitute merely estimated data and the final level of financing from the state budget will result from the Budget Act for 2018. Further financing may also be provided for in applicable legal acts in force. At the same time, the financial effects of measures at the project stage until their adoption by the Council of Ministers will not constitute state budget liabilities.

During the preparation of NRP 2017/2018, also the role NRP would play in the mechanisms related to the implementation of EU Cohesion Policy under the financial framework 2014-2020 was taken into account. On the one hand, the Cohesion Policy funds form an important source of financing of the tasks set forth in NRP; on the other hand, Poland's commitments assumed in NRP, as well as the need to implement CSR, had been taken into account in the Partnership Agreement when deciding on the directions for measures to be implemented under respective EFSI targets.

Moreover, NRP 2017/2018 presents the involvement of social and economic partners and the Parliament of the Republic of Poland in the European Semester cycle, as well as their participation in the works on NRP. An Interministerial Team for Europe 2020 Strategy (hereinafter referred to as the Team) has been operating with the Minister competent for the economy as an opinion-making and advisory body to the Prime Minister. [The institutional process of NRP revision and the involvement of stakeholders in the European Semester](#) have been presented in Chapter 7 and in Annex 3.

For the sake of document transparency, information about the planned measures has been separated from the information about the measures already taken. Therefore both [the summary of the implementation of measures covered by the previous edition of NRP](#) and the [information about the measures taken with regard to the implementation of CSR 2016](#) have been provided for in Annexes 1 and 2, respectively.

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<sup>1</sup> Information about measures taken to implement Recommendation No. 1 (CSR 1) haven not been included in NRP 2017/2018; such information can be found in the *Convergence Programme. Update 2017*.

## 2. Macroeconomic context and scenario

In 2016, Polish GDP rose by 2.7% in real terms. The growth rate was lower than in 2015, mainly due to the relatively strong decrease in investments. The main reason for low investment activity was the delayed implementation of projects financed from EU funds in the context of the shift from the old financial framework to the new one. Lower disbursement of EU structural funds and its negative impact on the investment growth rate in the economy in 2016 could be observed in almost all Central and Eastern Europe. The performance of the Polish economy in Q4 2016 showed that the economic slowdown was only temporary. In the last quarter of the previous year, GDP growth rate quarter-on-quarter (seasonally adjusted) notably improved, and a significant inflow of EU funds was observed. As of the end of Q4 2016, the level of EU financing calculated based on the applications for payment pending certification amounted to PLN 15.8 billion (cumulatively since the beginning of MFF 2014-2020). Compared to the previous quarter, the amount was higher by approximately PLN 8.8 billion (about 128%), while compared to Q4 2015, by approximately PLN 13.9 billion, i.e. by about 746%.

Despite the slower growth rate of GDP in the EU (from 2.2% to 1.9%) and of EU imports, i.e. the main indicator of demand for Polish goods and services (from 6.3% to 3.6%), as well as despite the drop in trade with developing countries (in EUR terms), total growth rate of Polish exports rose to 9.0% compared to 7.7% in 2015. The improvement of the labour market was also continued with the number of the employed persons workers growing and the unemployment rate recorded historical lows in consecutive quarters. Better labour market situation, low growth rate of consumer prices, and implementation of the *Family 500+* Programme, combined with a rise in consumer sentiments, were reflected in the faster growth of personal consumption (3.8% compared to 3.0% in 2015). At the same time, household saving rate visibly rose. Also the current account deficit in the balance of payments decreased as a result of the financing, with a large surplus, from the inflow of long-term capital.

A relatively weak demand pressure, low inflation expectations, and poor cost pressure led to a situation where, in 2016, core inflation (CPI ex. food and energy) was below the levels from the previous year, with an average annual level lower by 0.2%. Headline inflation (CPI) was even lower. Until October, deflation of consumer prices year-on-year was noted, as a result of which the average annual prices were lower by 0.6% (after a drop by 0.9% in 2015). This was mainly due to supply shocks on the energy market. The situation changed on the turn of 2016 and 2017. The upward trend on the commodity market, in particular with regard to crude oil, ended the several-years-long deflation of industrial prices followed by consumer prices.

The forecasts of the European Commission published in February 2017 showed an improvement in Poland's external environment in subsequent years. Real growth rate of EU imports, which is the key indicator of changes in external demand for the Polish economy, should accelerate to 3.9% in 2017 and to 4.1% in 2018, compared to 3.5% in 2016. The winter forecasts of the European Commission covered the period until 2018. It was assumed that in years 2019-2020, EU imports would accelerate to 4.3%.

The relative improvement in external environment of the Polish economy would be accompanied by accelerated disbursement of EU funds from the financial framework 2014-2020. Consequently, it can be expected that in the coming years the growth rate of investments in the general government sector would definitely rise, and the share of the general government investments in GDP would reach 4.5% in 2017 and 5.0% in 2018, compared to 3.3% in 2016. In subsequent years, along with the expected acceleration of investments in the private sector, the share of public investments should become stable at the higher level, on average around 4.6% of GDP. Acceleration of investments in the private sector would be supported by such factors as the maintained relatively high profitability ratios in enterprises, the relatively high capacity use, and the still-low cost of capital due to low interest rates. In addition, the growth would be supported by effective implementation of measures

planned by the government in the *Responsible Development Strategy* and aimed at increasing the investment rate, as well as the innovativeness and productivity of the Polish economy. As a result, Polish economy would shift towards the knowledge-based economy with an innovative manufacturing sector and modern services sector. According to the forecasts, in 2017 gross fixed capital formation in the Polish economy would grow by 7.2% in real terms and the growth would remain at a similar level also in subsequent years covered by the projection. This would lead to the rise in the share of investments in GDP to 20.6% in 2020, compared to 18.1% in 2016.

The expected acceleration of investment activity would be combined with continued positive trends on the labour market. In 2017, the number of employed persons in the Polish economy is expected to grow on average by 0.5%. The growth rate would reach 0.4% in years 2018-2019 and 0.3% in 2020 (the changes in total number of employed persons take into account the assumed stabilisation of the number of employed persons in the general government sector by 2020). Consequently, it is estimated that in 2017 LFS (BAEL) unemployment rate would drop to 5.7% from 6.2% reported in the previous year. In 2018, it would stay at the average level of 5.0%, to be reduced to the record low of 4.0% by 2020.

Continuous improvement of the situation on the labour market would lead to higher wages in the market sector. The forecasted increase in wages, combined with the expected developments in the number of employed persons and beneficiaries, would allow for continuation of the positive changes in household disposable income. The *Family 500+* Programme would provide an additional support. Positive trends in household disposable income would maintain the relatively high growth rate of private consumption expenditures. Such growth is expected to rise to 4.0% this year, compared to 3.8% in 2016, to reach on average 3.5% in subsequent years (2018-2020).

Real increase in public consumption would depend on the government's measures aimed at observing the fiscal rules in force and achievement of the medium-term budgetary target. Real growth rate in this economic category in 2017 is estimated at 3.5%, with stabilisation around 1.3-1.6% in years 2018-2020.

Real growth rate of exports, as it was the case in the previous years, should remain on average above the growth rate reported on the export markets, with 7.1% in 2017, 6.4% in 2018, and 6.0% in 2019 and 2020. Imports would grow depending on the final demand, at the rate of 7.7%, 6.9%, 6.1% and 6.1% in years 2017-2020. As a result, the share of net exports in GDP growth in 2017 would amount to -0.1 pp, whereas in 2018 it would be neutral for GDP growth to rise to +0.1 pp in years 2019-2020.

To sum up, the expectations regarding GDP components allow for the assumption that in 2017 economic growth in Poland would reach 3.6%. In subsequent years, real GDP growth rate would be slowly accelerating to reach 3.8% in 2018 and 3.9% in 2019 and 2020. The output gap with regard to potential GDP should be bridged by 2017 and remain at zero throughout the forecasted period. Potential GDP growth rate in the forecasted period would be gradually rising, from 2.9% estimated for 2016 to 3.9%, which would be supported by the expected acceleration of input productivity growth, decreasing unemployment rate, stability and gradual increase in the share of capital in economic growth.

The main source of external imbalance would remain the primary income deficit, which reflects the negative net international investment position of the Polish economy. A slight increase in the current account deficit should be expected in the forecasted period. However, the deficit is supposed to be financed, with surplus, from long-term capital inflow, i.e. the funds classified on the capital account (mainly EU structural funds) and foreign direct investments.

According to the forecast, average annual changes in CPI would gradually approach the inflation target set by the National Bank of Poland. If the situation on the commodity markets becomes stable and no supply shocks occur on the food market, the average annual CPI in 2017 should amount to 1.8%, rising to 2.3% in 2018-2019, to eventually reach 2.5% by 2020.



### Expected values of the main macroeconomic indicators in the coming years

Category	2016	2017	2018	2019	2020
Real GDP growth in %	2.7	3.6	3.8	3.9	3.9
Exports, growth in %	9.0	7.1	6.4	6.0	6.0
Imports, growth in %	8.9	7.7	6.9	6.1	6.1
Private consumption, growth in %	3.8	4.0	3.5	3.5	3.5
Public consumption, growth in %	2.8	3.5	1.3	1.6	1.5
Gross fixed capital formation, growth in %	-7.9	7.2	7.6	7.3	7.0
GDP in current prices, PLN billion	1,851.2	1,938.3	2,057.2	2,185.4	2,325.9
Average annual CPI, in %	-0.6	1.8	2.3	2.3	2.5
Employed persons <sup>2</sup> , growth in %	0,7	0.5	0.4	0.4	0.3
Unemployment rate <sup>3</sup> , in %	6.2	5.7	5.0	4.4	4.0

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<sup>2</sup> Average employed persons according to BAEL (aged 15+).

<sup>3</sup> Harmonised unemployment rate as defined by Eurostat.

### 3. Response to the *Country Report - Poland 2017*

The document published by the Commission on 22 February 2017, contained a detailed assessment of macroeconomic situation in the Polish economy and the prospects for its growth, an analysis of economic and social policies, as well as an evaluation of progress of CSR 2016 implementation. In the opinion of the Commission, Polish economy reported a solid growth. The employment rate was historically high, while unemployment had hit the record low. Real GDP growth rate in Poland would reach 3.2% in 2017 and 3.1% in 2018. Public finance stability in the short term had been maintained. According to the Commission's winter forecasts, in 2016 the general government deficit amounted to 2.3% of GDP, which had been the lowest since 2007. The forecast for years 2017 and 2018 indicated that the deficit would grow to 2.9 and 3.0% of GDP, accordingly.

In the opinion of the European Commission, the main threat for the prospects for growth in the long term was of structural nature. Long-term increase in productivity remained a challenge. To a great extent, it would depend on whether Polish enterprises manage to move up the value chain. Support for human capital development at all stages of education was considered crucial, as well as greater investments in research and development. In the Commission's opinion, the planned reform of the education system would not eliminate the weaknesses of the system, it had not been based on a comprehensive evaluation, and it had given rise to many objections in various circles.

The Commission also pointed out that the potential of the Polish labour market was not fully used. Despite the current positive situation, it would be reasonable to take measures aimed at improving the labour force participation rate, in particular among women, older persons, or lower-skilled workers. The Commission believed that introduction of the *Family 500+* Programme would affect the participation rate, particularly among women. At the same time, in spite of such positive effects as reduced poverty and social imbalances, it was recommended to monitor the effectiveness of social policy.

The European Commission noted that Poland was up in the rankings measuring the conditions for running business. However, the Commission identified potential risks for business environment that could possibly affect the investment climate in Poland, such as legal uncertainty and threats for the rule of law, lengthy court proceedings, or insufficient number of local spatial development plans.

The Commission concluded that Poland had made limited progress in the implementation of 2016 Council Recommendations.

#### **Response to the analyses and conclusions in the *Country Report***

The assessment of the current economic condition of Poland is well balanced. According to the Commission, economic growth would accelerate, which means that Poland would be among the six fastest growing Member States.<sup>4</sup> The key challenges to the prospects for growth in the long term identified by the Commission, i.e. improvement of the labour force participation rate and creation of conditions fostering investments and productivity, are in line with the diagnosis and direction of the Polish government actions.

The level of investments in 2016 was indeed unsatisfactory; however, it mostly resulted from the delayed implementation of projects under the current financial framework. After the introduction of changes (see Chapter 4.1. [Investment policy](#)), both public and private investments are supposed to be growing, beginning with H2 2017. Moreover, the uncertainty concerning the future economic plans of the government should be significantly reduced after the adoption of the *Responsible Development Strategy* by the Council of Ministers on 14 February 2017. The *Strategy* includes many projects that are crucial for economic development, aimed at increasing investments and savings and

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<sup>4</sup> Detailed analysis of the current and future macroeconomic situation, as well as the condition of public finance and tax-related matters, will be presented in the *Convergence Programme. 2017 revision*.

improving the conditions for doing business. Many of those projects have been presented in this document. However, the government would like to express its concern regarding the mention in the *Report* of the threats for the rule of law in Poland. This matter was not included in the draft document delivered for working consultations. Poland disagrees with the opinion of the European Commission in this respect, as such claim has not been supported by facts. Moreover, the matter in question falls beyond the scope of the European Semester, which relates to economic and social policies. In addition, information about low clearance rate in civil cases compared to the EU average does not fully reflect the operation of Polish courts. Juxtaposition of data from the *Doing business* report, i.e. survey data, with national sources which gather statistical data based on the information from court databases is inadequate and may lead to erroneous conclusions.

The government shares the opinion of the Commission about the very good situation on the Polish labour market. On the one hand, this is due to the generally favourable economic conditions; on the other hand, it is also the result of the consistent activity of the government, i.a. in order to contain abusive practices in civil law contracts. As the government is aware of the challenges related to the reducing labour resources, it is initiating social policy measures aimed at mitigating the effects of demographic changes. However, the government cannot agree with the unequivocally negative assessment of the impact of *Family 500+* Programme on the labour market. The analysed period is insufficient for formulating such conclusions. The increase in inactivity motivated by family obligations is in line with the trend observed since 2014, which does not correlate with the fact of having children. At the same time, the government would like to express its disappointment with the fact that the Commission maintains its rhetoric with regard to the agricultural social insurance system, in spite of many written clarifications and bilateral meetings. Without repeating the argumentation presented in the previous edition of NRP,<sup>5</sup> it should be pointed out that the percentage of persons working in agriculture has dropped by 1.5 pp in one year.

Higher productivity and moving up the value chain is the key challenge in the longer term. Therefore, the government creates the conditions fostering innovativeness (see Chapter 5.3. [R&D expenditure target](#)), as well as plans to modernise the education systems towards better adjustment of skills to the demands of the labour market and enhanced research activity of Polish universities (see Chapter 6.3 [Better transition from education to employment](#)).

At the same time, the government does not share the Commission's opinion on the education system reform. The aim of the reform is not to restore the solutions applied before 1999, but rather to prepare the graduates who complete the full education cycle (primary, lower secondary schools and various types of upper-secondary schools), to the best possible extent, to continue education on universities or to enter the labour market. In the opinion of the government based on statistical data and studies, the current situation is unsatisfactory and needs to be changed. Due to reduced cycle of learning in upper-secondary general schools, graduates are poorly prepared for university studies, which causes the need to lower the level of academic teaching. Moreover, the existence of lower-secondary schools (*gimnazja*) resulted in early selection of students, which is contrary to the key objective of school education, i.e. equalling educational opportunities for children with different backgrounds. (For more information, see Chapter 4.3 [Education system reform](#)).

The government does not agree with the result of evaluation of progress in CSR implementation, in particular with regard to CSR 2<sup>6</sup>, where the Commission claims that Poland has made *no progress in increased participation in the labour market*. It should be noted that the recommendation in this respect refers not only to the pension systems, but also to increased participation in the labour market. The total activity rate for persons aged 15-64 increased in the previous year<sup>7</sup> from 68.4% to

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<sup>5</sup> See NRP 2016/2017 pp. 13-14.

<sup>6</sup> Reference to the evaluation of CSR 1 implementation can be found in the *Convergence Programme. 2017 revision*.

<sup>7</sup> Between Q3 2015 and Q3 2016, i.e. in the period covered by the *Country Report*.

69.1%, of which among women, from 61.6% to 62.2%, and among men, from 75.2% to 76.0%. The activity rate among persons aged 55-64 rose from 47.8% to 48.7%. Moreover, in its analysis, the Commission fails to note that also as a result of the measures taken by the government, also the share of persons employed on the basis of contracts for definite duration decreased by 0,5 pp. Reforms of the system of education and of the higher education institutions are at the preparation stage (see [the above-mentioned Chapter 6.3](#)). The European Commission was informed in December 2016 about the measures taken or planned by Poland (relevant information has also been presented in [Chapter 6 and Annex 2](#)). In this context, it seems reasonable for the Commission to develop the methodology applied to the evaluation of the progress of CSR implementation in cooperation with the Member States.

## 4. Measures addressing the challenges identified in the *Country Report*

### 4.1 Investment policy

Excerpt from the *Country Report – Poland 2017: In 2016, investment activity declined significantly due to a low utilisation of the EU structural funds and increased uncertainty.* (page 5)

#### **Main measures planned for years 2017-2018:**

#### **Streamlining the implementation of programmes under financial framework 2014-2020**

Considering the need to accelerate the disbursement of funds under the financial framework 2014-2020, the Ministry of Economic Development commenced works on the simplification of the system, in particular with regard to the amendment of the Act of 11 July 2014 on the rules of implementation of the Cohesion Policy programmes financed under financial framework 2014–2020 (so-called “Implementation Act”). The following key simplifications are to be included in the Implementation Act:

The government proposes to abandon the institution of programme guidelines, which would allow for substantial reduction of the number of documents the beneficiaries are obliged to comply with. Abandonment of formal criteria and adoption of formal conditions instead would accelerate the project selection procedure. The government suggests introducing the possibility to correct the project at its assessment stage, both for the applicant and for the project assessment committee. (The scope of changes that can be made to the project would be specified in the rules of call for proposals). The requirements for making declarations at the application stage would become more flexible, allowing for the possibility to submit relevant statements before the project co-financing agreement is signed, and to abandon the criminal liability for providing untrue data in the application for co-financing. In the appellate procedure, the following deadlines are to be shortened: for self-auditing, from 21 to 14 days; for consideration of a protest, from 30 to 21 days; for the total period of protest consideration, from 60 to 30 days. The institution of the EU Funds Ombudsman, appointed by the Managing Authority on a mandatory basis and by other institutions of Operational Programmes implementation system on a facultative basis, would be regulated.

The Implementation Act provides for the changes in financial flows in favour of the beneficiaries. The aim of the amendments to the Act on Public Finance is to enable settlement of targeted subsidies paid to the beneficiaries from the state budget and from Local Government Unit budgets for the co-financing of projects on analogous conditions as it is the case with payments from the European funds budget, i.e. within the deadlines resulting from the co-financing agreement, without the need to return the unused funds at the end of the fiscal year. Moreover, the period during which payment applications can be submitted without the sanctions to pay interest for unsettled application could be extended (additional 14 days after the initial deadline).

#### **Schedule**

- Adoption of the amended Act on the rules of implementation of the Cohesion Policy programmes financed under financial framework 2014–2020 and certain other acts by the Council of Ministers – **Q2/Q3 2017.**
- Planned date of the Act’s entry into force – **Q3 2017.**

#### **Financing**

The planned solutions will not generate any additional expenses for the state budget.

## New investment policy (Ministry of Economic Development)

It is a set of measures including i.a. support for new investments made by Polish and foreign companies that are crucial for the improvement of innovativeness of the economy, the restructuring of the production and the increase in the competitiveness and thus for the creation of Poland's image as a good place to invest. Coordination of measures and modification of the current approach would also include one of the key investment tools, i.e. Special Economic Zones (SEZ). The investment policy also includes the revision of the Programme for the support of investments of considerable importance for the Polish economy for years 2011-2023.

Measures taken under the new investment policy would contribute to the increase in the rate of investments in the economy. Implementation of the project would indirectly lead to a higher number and value of the investments made in Poland, in particular in R&D and high technology sector. This in turn would directly address the challenge relating to the improved productivity and competitiveness of the Polish economy.

Works in progress on the preparation of the amendments to the Programme.

### Schedule

- Adoption of the amended Programme for the support of investments of considerable importance for the Polish economy for years 2011 – 2023 – **by the end of Q2 2017.**

### Financing

Name of measure or part of measure	2017			2018		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
Support for investment projects	97,000	97,000		130,000	130,000	

## 4.2 Business environment regulations

Excerpt from the *Country Report – Poland 2017: The quality of the regulatory framework continues to be a weak element in the otherwise generally favourable business environment... Uncertainty related to the regulatory environment is increasingly affecting the level of trust in business* . (page 42)

### Main measures planned for years 2017-2018:

#### Business Constitution (Ministry of Economic Development)

The aim of the *Business Constitution* package is to improve the legal environment in which entrepreneurs operate. The objective would be achieved through development of legislative solutions in order to improve the conditions for starting and carrying out business activity, as well as measures supporting competitiveness and innovativeness of the Polish economy.

The *Business Constitution* package would cover the following draft acts:

- draft Act – Entrepreneurs' Law,
- draft Act implementing the Act- Entrepreneurs' Law and certain other acts from the *Business Constitution* package,

- draft Act on the rules of participation for foreign entrepreneurs and other foreign persons in business transactions on the territory of the Republic of Poland,
- draft Act on simplifications for entrepreneurs in tax and business law,
- draft Act on the Central Register and Information on Economic Activity and on the Information Point for Entrepreneurs.

The planned regulations, in particular the draft Act – Entrepreneurs’ Law, would serve to reinforce the rights and guarantees of entrepreneurs. The general rules of starting and carrying out business activity will be clearly emphasised and systematized. The general rules will set a standard of operation for public authorities in matters related to entrepreneurs, and they will have an impact on the manner of interpretation and application of law, including law provided for in separate acts. Examples of them would include “what is not prohibited by law, shall be allowed” (entrepreneurs may carry out business as they see fit as long as they do not breach clear prohibitions or restrictions); “presumption of honesty” (authorities would act in accordance with the principle of trust to entrepreneurs); or “actual doubts shall be considered to the benefit of the entrepreneur” (any doubts as to the facts that cannot be eliminated shall be considered to the benefit of the entrepreneur by the authorities).

The draft Act – Entrepreneurs’ Law would also introduce i.a.:

- unregistered business operations (in cases where business operations are carried out on a smaller scale, i.e. the revenue does not exceed 50% of the minimum wage, the business need not be registered);
- so-called “start-up relief” (start-ups would be exempt from the obligation to pay social insurance contributions in the first 6 months of operations. After that period, for two years they would pay the so-called small contributions, i.e. the contributions would be calculated on the basis of 30% of the minimum wage in a given year);
- the rule of using solely the tax identification number (NIP) by entrepreneurs in their contacts with authorities, where NIP would also become an identification number in the statistical REGON database;
- the basic law-making rules, including strengthen the pressure on limiting the burdens for entrepreneurs, in particular for micro-, small and medium-size enterprises.

The solutions proposed in the draft Act – Entrepreneurs’ Law require amendments to many specific acts. The amendments would be introduced by the draft Act implementing the Act- Entrepreneurs’ Law and certain other acts from the *Business Constitution* package.

The draft Act on the rules of participation for foreign entrepreneurs and other foreign persons in business transactions would regulate matters related to services and foreign businesses and other foreign persons carrying out activity on the territory of the Republic of Poland.

The aim of the draft Act on simplifications for entrepreneurs in tax and business law is to streamline the procedures, eliminate the unnecessary bureaucratic burdens and introduce solutions that would otherwise visibly improve the conditions for doing business in Poland, by amending acts relating to taxes, labour law and social insurance.

#### **Schedule**

- Adoption of the package of draft acts forming the *Business Constitution* by the Council of Ministers – **Q2 2017**.
- Entry into force of the Entrepreneurs’ Law – **Q3 2017**.
- Entry into force of the Act implementing the Act- Entrepreneurs’ Law and certain other acts from the *Business Constitution* package – **Q3 2017**.
- Entry into force of the Act on the rules of participation for foreign entrepreneurs and other foreign persons in business transactions on the territory of the Republic of Poland – **Q3 2017**.

- Entry into force of the Act on simplifications for entrepreneurs in tax and business law – **Q3 2017.**
- Entry into force of the Act on the Central Registration and Information on Business and on the Information Point for Entrepreneurs – **Q3 2017.**

### **Financing**

**The Act- Entrepreneurs’ Law** will not generate any direct effects for the public finance sector. The analyses show that the proposed elimination of contributions for entrepreneurs during the “start-up relief” period would result in no right to benefits for that period in the future, so it would not imply an additional subsidy for ZUS. Moreover, the start-up relief would be voluntary for entrepreneurs.

The changes planned in **Act on the Central Registration and Information on Business and on the Information Point for Entrepreneurs** may involve additional expenditure in the first year of application (approximately PLN 1 million) due to the adjustment of CEiDG and PIP systems to the changes resulting from the Act, which would be financed within the limit of expenditures set in the Budget Act for that year with regard to the part for the management of which the minister competent for the economy is responsible.

### **Development of the system of assessment of the impact of regulations and social participation in the law-making process (Ministry of Economic Development, Chancellery of the Prime Minister)**

Due to the need to improve effectiveness of the assessment of the effects of regulations and social participation in the law-making process, as well as to reduce regulatory burden for citizens and enterprises, a package of measures to improve the law-making system would be prepared. The measures would primarily focus on improving the quality of social and economic analyses forming the basis for regulatory decisions, developing the regulation evaluation process, enhancing the assessment of the economic effects of regulations and its verification, including extending formal requirements, establishing mechanisms preventing the burdens imposed by law, in particular for micro-, small and medium-sized enterprises, as well as wider usage of various methods of consultations and opinion-seeking in a broader context. Moreover, measures promoting the idea of evidence-based policy would be carried out in the Parliament in order to consolidate the requirements for the assessment of impact of non-governmental draft acts.

The planned solutions would improve the quality and stability of legal environment and ensure greater social approval of the introduced regulations.

### **Schedule**

- Adoption of the action plan on better law-making by the Council of Ministers – **Q3 2017.**
- Implementation of the action plan – **from Q3 2017.**

### **Financing**

The planned solutions should not generate any additional expenses for the state budget. Any possible expenditures, depending on the adopted action plan, would be financed from ESF funds under the POWER programme and/or the programme in support of structural reforms.

### **Extension of PFR (Pre-Filled Tax Return) to returns submitted by entrepreneurs (Ministry of Finance)**

The aim of PFR extension is to facilitate completion of income tax returns (PIT and CIT) for entrepreneurs with regard to advance payments for those taxes made during the year. The solution would release the resources both for entrepreneurs (easier completion of tax returns) and for tax authorities (easier verification of the submitted returns, no need to inform the taxpayers on the



amount of advances paid and on their accounting method). The solution is also aimed at inclining the entrepreneurs to send tax returns by means of electronic communication.

At present, entrepreneurs before the submission of tax returns contact tax offices in order to verify the amount of already paid advances, which involves resources both for the entrepreneurs and for the tax offices.

#### Schedule

Planned date of effective PFR extension: **15 March 2019 (PFR CIT from January 2019, PFR PIT on 15 March 2019).**

#### Financing

With regard to state budget expenditures, it will be necessary to incur one-off costs of modification of the currently effective ICT systems. The Ministry of Finance will cover them from funds provided by the European Regional Development Fund under Operational Programme Digital Poland 2014-2020 in connection with the implementation of the project entitled *Development of the list of digital services for the customers of Tax Administration and Fiscal Control with regard to centralisation of the servicing of CIT and VAT and of the Standard Audit File for Tax (CVP)*, amounting to PLN 97,615,960.00 (of which: 84.62% from the EU, 15.38% from the state budget), the agreement on the co-financing of which was signed on 21 April 2016.

Name of measure or part of measure	2017			2018		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget – DP OP (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget – DP OP (in PLN thousand)
CVP project implementation	53,267	7,100	46,167	34,303	4,573	29,730

Excerpt from the *Country Report - Poland 2017: the Polish justice system suffers from lengthy proceedings and contract enforcement.* (page 43)

#### Main measures planned for years 2017-2018:

##### Reinforcement of amicable dispute settlement institutions (Ministry of Justice)

The aim of the planned measure is to increase the importance of mediation. A national network of 16 voivodeship Centres for Arbitration and Mediation (CAM), with one coordinating centre and 15 voivodeship centres, will be created and implemented, and operations of the already existing Centres will be standardised. As a result, an integrated and comprehensive system of management of information relating to mediation in business matters will be created through:

- integration of information (despite the dispersed legal provisions governing mediation and other ADR methods),
- harmonization of mediation practices in business matters (despite the number of organisations competent for ADR and the unassociated mediators),
- extension of the competence of entities providing mediation services in business matters and thus improvement of the quality of mediation services.

The planned measures are to be implemented in cooperation with the business-related institutions and organisations, including chambers of commerce.

#### Schedule

- Development of the rules and standards of operation of CAM network and of the tools for CAM network – **Q3/Q4 2017.**

- Launch of the Centre for Arbitration and Mediation – the Coordinator – Q1 2018.

### **Financing**

Project expenditures will be financed from ESF funds under the POWER programme. They will be covered under the funds planned in the Budget Act for 2017 without the need to increase them. The competition for CAM-Coordinator (allocation value: PLN 3.9 million) has been provided for in the budget for 2017 (approximately PLN 1.5 million).

### **Improved effectiveness of jurisdiction through the introduction of the Central Register of Restructuring and Bankruptcy (Ministry of Justice)**

The aim of the measure is to improve the effectiveness of operation of restructuring and bankruptcy courts in accordance with the delegation provided for in the Act of 15 May 2015 - Restructuring Law (Journal of Laws of 14 July 2015, item 978, as amended) and the amended Act of 28 February 2003 – Bankruptcy and Reorganisation Law. Article 6 of the Restructuring Law provides for the establishment of the Central Register of Restructuring and Bankruptcy in the ICT system administrated and made available by the Minister of Justice. Full implementation of CRRU would allow for real-time generation of statistical information describing not only the number of timeliness of the proceedings, but also the level of creditors' satisfaction.

### **Schedule**

- Creation of the primary and supporting functionality of CRRU – **Q4 2017**.

### **Financing**

Project expenditures will be financed from ESF funds under the POWER programme. They will be covered under the funds planned in the Budget Act for 2017 without the need to increase them. 15.72% of the project is financed from national funds and 84.28% from EU funds budget; in the case of CRRU, the co-financing amounts to almost PLN 10 million, but the project has not yet been selected. (The Ministry of Justice will submit an appropriate application after the decision on project co-financing under the POWER programme is issued).

## **4.3 Education system reform**

Excerpt from the *Country Report - Poland 2017: The school system overhaul from September 2017 onwards raises a number of concerns among stakeholders.* (page 28)

### **Main measures planned for years 2017-2018:**

#### **Amendment of the Education Law (Ministry of National Education)**

The aim of the education reform is to prepare the graduates who complete the full education cycle (primary, lower- secondary schools, various types of upper-secondary schools) to continue on tertiary education or to enter the labour market. In the opinion of the Ministry of National Education, based on the public statistical research, administrative, control and scientific research, as well as on the results of the additional PISA survey in Poland (national option), this situation is not satisfactory and needs to be changed.

The key aim of the developments is to increase the level of education and safety for students at schools. The proposed changes also result from the diagnosis of the current state of general upper-secondary schools and vocational schools. It should be noted that 26 out of 37 presidents of universities expressed their negative opinion on the preparation of graduates of upper-secondary schools for academic studies, emphasising the short period of education at general-upper secondary

school. At present, a great number of lower-secondary schools in large cities offer selective recruitment, which leads to substantial diversification of the results of the lower-secondary examination among different schools. This is contrary to the objectives of the 1999 reform, according to which local secondary schools should equal the educational opportunities (research shows that student selection does not lead to better results or equal opportunities). On the other hand, in rural areas many lower-secondary schools are combined with primary schools.

The above-mentioned measures have the approval of the majority of citizens. Public opinion polls from 2015-2017 confirmed that the majority of respondents wanted to extend the period of primary education, as well as at both general and technical upper-secondary schools.<sup>8</sup>

The changes provided for in the new Act – Education Law refer to many matters related to education, such as the schooling system and the related modifications in the organisation and operation of schools and educational institutions. Other systemic changes in selected areas of education are also planned to enhance and complement the changes in the schooling system.

In accordance with the Education Law, the schooling system will be transformed into a structure including a primary school of 8 years, a upper-secondary general school of 4 years, a technical school of 5 years, industrial sector vocational school of the 1<sup>st</sup> stage of 3 years, a sector vocational school of the 2<sup>nd</sup> stage of 2 years, a special school preparing for work of 3 years, and the post-secondary non-tertiary school. Moreover, adjustments are planned with regard to:

- organisation of education in primary and post-primary schools, including bilingual, international, sports and adult courses,
- determination of the mandatory schooling obligation and provisions on the forms of fulfilling the schooling obligation and the compulsory education obligation,
- school recruitment mechanisms,
- core-curriculum for kindergarten and general education,
- general education textbooks, including subsidies for textbooks,
- framework teaching plans,
- school forms and certificates,
- examination system, including the introduction of the eight-grader examination.

#### **Schedule**

- Planned date of the Act's entry into force – **1 September 2017**.
- Amended regulations on the core-curriculum for kindergarten and general education and on framework teaching plans will be entering into force gradually, **starting from 2017/2018 school year until 2019/2020 school year**, so as to cover the subsequent years of students with the education system reform.
- Amended regulations on the approval of general education textbooks, including subsidy for textbooks, will be entering into force consecutively, **starting from Q1 2017**, so as to cover the subsequent years of students with the education system reform.
- Amended regulations on school forms and certificates resulting from the education system reform will enter into force successively, **starting from year 2017**

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<sup>8</sup> Considering methodological differences between research centres it can be concluded that social support for changes in schooling structure is maintained. In 2015, the majority of respondents supported liquidation of secondary schools (68% in IBRIS survey and 56% in Pollster survey). In 2016, this opinion was shared by the majority of respondents: 64% of over 12,000 parents using digital student accounts (*e-dziennik*) and participating in Vulcan survey, 57% of respondents in Pollster survey, 48% in Millward Brown survey. The last survey of January 2017 (CBOS) indicates that 57% of respondents were in support, 24% were against, and 19% had no opinion on the reform.

## Financing

The planned financial effects for the public finance sector due to the entry into force of the Education Law and the implementing regulations as of 2017 amount to approximately PLN 509 million, of which PLN 130.1 million from the state budget and about PLN 379 million from the Local Government Unit budget. Total expenditures estimated for 2018 amount to approximately PLN 422 million.

## 4.4 Health care

Excerpt from the *Country Report - Poland 2017: Poland faces challenges to further improving the cost-effectiveness of healthcare spending. These challenges include strengthening primary care, further development of co-ordinated care...* (page 31)

### **Main measures planned for years 2017-2018:**

#### **Change of the organisational model of primary health care (Ministry of Health)**

Primary health care (POZ) is crucial for the health care system. The performance of the whole medical care system depends on its efficiency and effectiveness. Further POZ development requires preparation and implementation of an adequate act increasing the role of POZ and ensuring coordinated operations with other parts of the health care system, increasing the role of preventive care and health education, and allowing for the implementation of a comprehensive and holistic POZ focused on patients and local communities, as well as increasing the role of medical staff at POZ.

The aim of the planned Act on primary health care is:

1. to define the role and place of POZ within the health care system,
2. to improve the organisation and operation of POZ,
3. to increase effectiveness and ensure coordinated operations of POZ with other parts of the system,
4. to increase the role of preventive care and health education,
5. to create a financial mechanism serving as an incentive for providers to improve the quality of the provided services.

The planned solutions also include the introduction of the model of coordinated patient care through a broader list of diagnostic examinations and specialist consultations provided under POZ, addressed to patients suffering from chronic diseases. Implementation will be preceded by a year-long pilot programme.

#### **Schedule**

- Planned date of the Act's entry into force – **Q3 2017.**
- Launch of the pilot programme for integrated care – **Q1 2018.**

#### **Financing**

The proposed solutions will not have any additional effects for public finance, as they will be financed from the National Health Fund resources provided for in the financial plan for 2017 and subsequent years.

Excerpt from the *Country Report - Poland 2017: Staff shortages are particularly perceptible in some regions and for some specialisations, hence regional and sub-sectoral differences in care availability are significant.* (page 31)

**Main measures planned for years 2017-2018:**

**Increase in the number of professional health care staff (Ministry of Health)**

In order to address the problem of insufficient availability of medical care and negative effects of the decreasing number of health care staff, the Ministry of Health increased the limit of places for medical studies. In order to improve the quality of treatment, post-graduate internships were restored.

During the NRP 2017/2018 implementation period, specialised courses will be organised under the project dedicated to specialised education of doctors in areas that are crucial from the point of view of epidemiological and demographic needs of Poland. The main aim of the project is to increase professional qualifications of doctors by supporting specialised education of doctors in areas that are crucial from the point of view of epidemiological and demographic needs of Poland, i.e. specialisation in oncology (clinical oncology, radiation oncology, surgical oncology, pathomorphology, haematology), broadly understood geriatrics (geriatrics, rheumatology, orthopaedics and traumatology, physical medicine and rehabilitation), as well as family medicine. By providing a sufficient number of specialised courses and other forms of support (internships, conferences) for doctors pending specialisation, the number of specialists in areas covered by the project should increase, thus ensuring an adequate number of specialists in areas that are vital for the health care needs of Poland.

**Schedule**

- Organisation of 163 specialised courses for 3,740 practitioners – **from Q2 2017 to Q1 2018.**

**Financing**

Name of measure or part of measure	2017			2018		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget – KED OP (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget – KED OP (in PLN thousand)
Organisation of specialised courses	21,600	2,600	19,000	16,800	2,800	14,000

**4.5 Environmental protection**

Excerpt from the *Country Report - Poland 2017: The fulfilment of ex-ante conditionalities is on track, except in the areas of waste and water.* (page 17)

**Main measures planned for years 2017-2018:**

**New Act – Water Law (Ministry of the Environment)**

The assumed scope of water management reform aims at the introduction, within the new Act – Water Law, of instruments ensuring that the objective of the Water Framework Directive would be

achieved, i.e. full implementation of the catchment-based approach to water management policy that would fulfil the criteria of functionality and safety, as well as sustainable development, economic efficiency, ecosystem sustainability and social approval in line with the principle of sustainable water management, including the use of water resources. Therefore, it is necessary to develop legal, organisational, financial and technical solutions for water management that would ensure durable and sustainable social and economic development of Poland, taking into account the water management needs and ensuring the availability of water resources of sufficient quality and quantity.

It is also necessary to provide real and effective water authority within the meaning of Article 3 of the Water Framework Directive and its adequate impact on the matters related to water management, including in particular water management planning, water resources protection and introduction of the water permit system.

Water authority should also have the decisive say in matters related to the directions for investments on waters and maintenance of water structures, as well as to the good state of waters and mitigation of flood risk at all levels of the catchment-based approach to water management. Water authority will be represented by the minister responsible for water management.

In order to fulfil ex-ante conditionalities for the mobilisation of funds from EU operational programmes for years 2014–2020 and in accordance with Article 9 of the Water Framework Directive, it is proposed to introduce a systemic solution for sustainable water resources management based on the water services system. Polish water resources are relatively small and their effective use is low. Moreover, certain parts of Poland face temporary problems with water supply, including in particular drinking water fit for human consumption. Creation of a new effective system of water management financing and a system of financial incentives creating the water needs of the society and of the economy is of utmost importance in this respect, including as part of adaptation to climate change.

The new water management financing system based on flexible financial instruments should thus be conducive to effective and efficient water resources management and to the disbursement of funds for measures related to providing the availability of waters with adequate qualitative parameters and in the sufficient quantity.

#### **Schedule**

- Entry into force of the Water Law – **Q3 2017**.

#### **Financing**

The measure will not affect the state budget as long as the currently effective exemptions from water abstraction fees are abolished.

Due to the change in the definition of water services (Poland's fulfilment of that conditionality (ex-ante) and measures necessary for its fulfilment have been provided for in the relevant national operational programmes, i.e. the possibility to disburse funds amounting to approximately EUR 2.3 billion from OP IE 2014-2020 and about EUR 1.2 billion from ROP 2014-2020), and primarily due to the abolition of the currently effective exemptions from water abstraction fees, the planned system will imply that funds for strategic tasks related to water management would be obtained. Apart from the abolition of the exemptions from water abstraction fees, extension of the definition of water services is also planned with regard to rainwater and melt water discharge (due to the need to comply with EU regulations and the possibility to use EU funds (OP IE 2014-2020), provided for in measure 2.1 *Adaptation to climate change including securing and increasing of resistance to natural disasters*). Increase in the funds at the disposal of the water management sector is mostly aimed at implementing documents of strategic importance for water management due to the limited possibility to obtain funds from the state budget for such purposes.

Excerpt from the *Country Report - Poland 2017: Waste management has improved, although the separate waste collection system for all municipalities is not yet launched.* (page 41)

### **Main measures planned for years 2017-2018:**

#### **Circular economy and amendment of waste management regulations (Ministry of the Environment, Ministry of Economic Development)**

The Circular Economy Team will develop a draft roadmap. **The roadmap** is to propose a set of measures resulting in a transition of the Polish economy to a circular economy, where outputs and inputs remain in the economy as long as possible and waste management is reduced to the minimum. This concept takes into account all stages of the product's life cycle, from design through manufacturing, consumption, waste collection to waste management. Circular economy focuses on treating possible waste as recycling material. The following areas will be covered: (1) Sustainable industrial production, (2) Sustainable consumption, (3) Bioeconomy, and (4) New business models. At the same time, circular economy in the context of product design or production processes aims to improve the innovativeness and competitiveness of Polish enterprises.

Circular economy and treatment of waste as recycling materials are the key concepts of the prepared **Ordinance on detailed method of selective collection of respective waste fractions**. In 2015, the share of municipal waste recycled in Poland was 43% (according to CSO data), compared with the EU average of 45%. The legislative changes undoubtedly will contribute to continued growth of the quantity of recycled waste. The changes will enter into force on 1 July 2017 with nationwide effect. From that moment, waste will be divided into at least four fractions. Blue containers/bags will be used for paper, the green ones for glass (with optional division into colourless glass in white containers/bags and coloured glass in green containers/bags), the yellow ones for metals and plastics, while the brown ones will be used for biodegradable waste. Gminas will have five years for the replacement of containers with the appropriately coloured ones (no later than by 30 June 2022). The Ministry of the Environment introduced a transitional period due to the need to wait until the expiration of the already concluded contracts with waste disposal companies. This means that new rules of waste segregation in respective gminas will be introduced within the deadlines depending on the expiry of those contracts, yet no later than by 30 June 2021.

Another component is the adoption of the Ordinance on environmental fees. The main objective of the proposed regulation is to increase charges for the storage of such waste as used batteries, used electric and electronic devices, municipal waste, packaging waste, as well as waste from mechanical processing of municipal waste. The draft Ordinance provides that the charges for such waste would be gradually raised in a three-year perspective (by 2020). The planned legislative changes would increase the quantity of recycled waste through the introduction of economic incentives.

#### **Schedule**

- Entry into force of the Ordinance on detailed method of selective collection of respective waste fractions – **Q3 2017** (Ministry of the Environment).
- Development of a draft roadmap by the Circular Economy Team – **Q3 2017** (Ministry of Economic Development).
- Adoption of the *Roadmap for the transition to circular economy* by the Committee of the Council of Ministers and by the Council of Ministers – **Q4 2017** (Ministry of Economic Development).
- Entry into force of the Ordinance of the Council of Ministers amending the Ordinance on environmental fees – **Q1 2018** (Ministry of the Environment).

## **Financing**

The planned solutions relating to the Ordinance on the method of waste collection have no impact on the state budget. Local Government Units will incur estimated annual costs amounting to PLN 11 million to 140 million due to the need to purchase containers or bags for selective municipal waste collection. Such broad bands are due to the fact that it is impossible to determine the type of container for selective waste collection a given gmina would decide to purchase. Such costs can be covered by gminas from separate funds or transferred to real property owners. Due to the possible diversification of the municipal waste management systems in gminas, it is not possible to precisely estimate the costs of replacement of waste containers.

Higher charges for the storage of specific types of waste (87) may lead to an increase in the revenue of the National Fund for Environmental Protection and Water Management, Voivodeship Funds for Environmental Protection and Water Management, as well as the poviats and gminas, if the expected decrease in the quantity of stored waste does not occur (such decrease resulting i.a. from higher level of selective waste collection at source, higher levels of recycling and preparation for re-use, as well as from the increase in the waste storage charges provided for in the above-mentioned Ordinance). Higher charges for the storage of such waste as used batteries and cells, used electric and electronic devices, or used vehicles should not affect the costs of the system of management of such waste, including the conditions for running business operations. Increased charges for the disposal of waste at the landfills, in particular municipal waste and post-consumer waste, will not imply higher costs of management of waste in locations where the main management method would be the processes aimed at best possible recovery and recycling of recyclable waste.

Measures supporting waste management are currently financed under the Infrastructure and Environment Operational Programme 2014-2020 - Measure 2.2 *Municipal waste management* (projects preventing the creation of waste, using the recycling properties of waste, or reducing the quantity of the stored municipal waste). Moreover, such measures may be co-financed by the National Fund for Environmental Protection and Water Management and 16 Voivodeship Funds for Environmental Protection and Water Management. Local governments have separate funds for environmental protection, including funds under the Regional Operational Programmes for years 2014-2020.



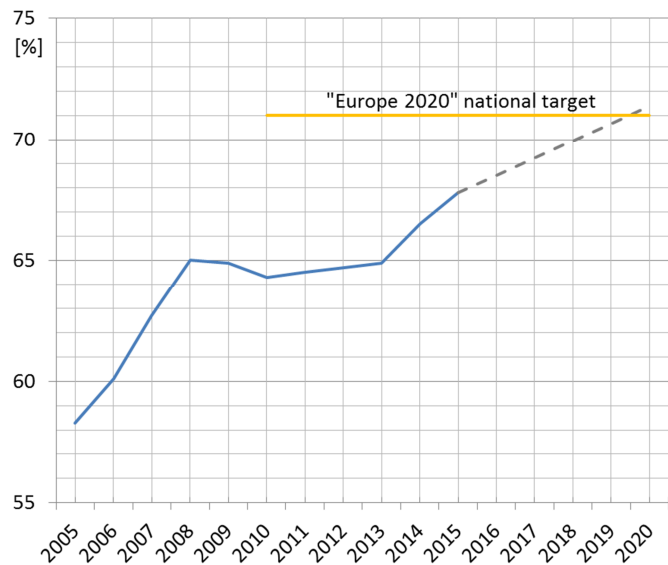
## 5. Measures to achieve Europe 2020 targets

### 5.1 Progress towards Europe 2020 targets

Progress with the achievement of *Europe 2020* targets is monitored on the basis of indicators related to the five headline targets of the strategy: employment, R&D, energy and climate, education and higher education, reduction of poverty and social exclusion.

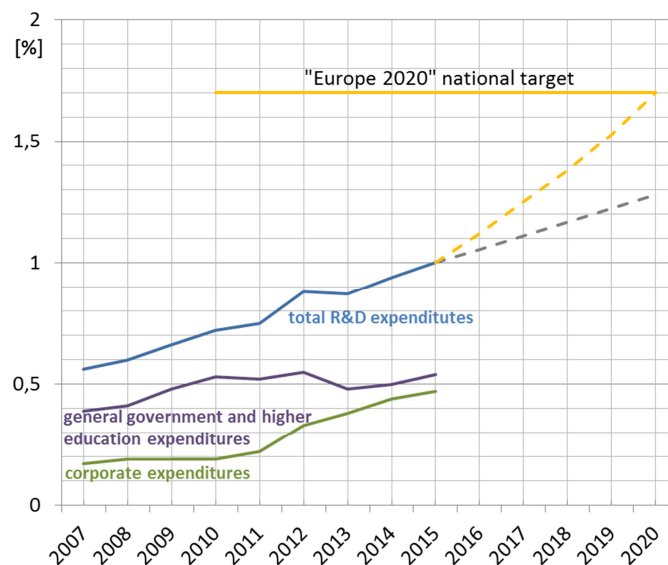
**The first target is related to employment rate, i.e. the share of the employed aged 20-64.** The target value for Poland by 2020 is 71%. According to the available data, apart from the slowdown in years 2009-2013, this rate has been dynamically rising. If the upward trend from years 2005-2015 continues, Poland may achieve the national target before 2020. In 2015, employment in Poland was 67.8% compared to EU-average of 70.1%. (Chart 1). A positive change in employment is also confirmed by the latest data on unemployment. In December 2016, the unemployment rate was 8.3%, which was the best result for that month in the last 25 years.

**Chart 1** Employment rate for persons aged 20-64 years and its forecast rise in that rate on the basis of the 2005-2015 trend. / Own study. Eurostat data.



**The next key Europe 2020 target is the increase in R&D investments.** Considering the current growth rate, achievement of the assumed targets is a challenge both for Poland and for the European Union as a whole (1.7% vs. 3%). **In 2015, expenditures on R&D in Poland accounted for 1% of GDP, which was an increase by 0.06 pp compared to 2014.** A breakdown of total R&D investments into respective sectors shows a dynamic increase in R&D investments in the corporate sector, which suggests that the current situation might yet improve. However, in order to achieve the target, it would be necessary to intensify the efforts in the general government and higher education sectors (Chart 2). The share of structural funds in public expenditures for R&D in years 2011-2015 was between 35% and 41%.<sup>9</sup>

**Chart 2** R&D expenditures to GDP (blue – total, purple – general government and higher education expenditures, green – corporate expenditures); forecasted rise in that rate on the basis of the 2007-2015 trend (grey dotted line) and forecasted target achievement by MSHE (yellow dotted line). / Own study. Eurostat data.

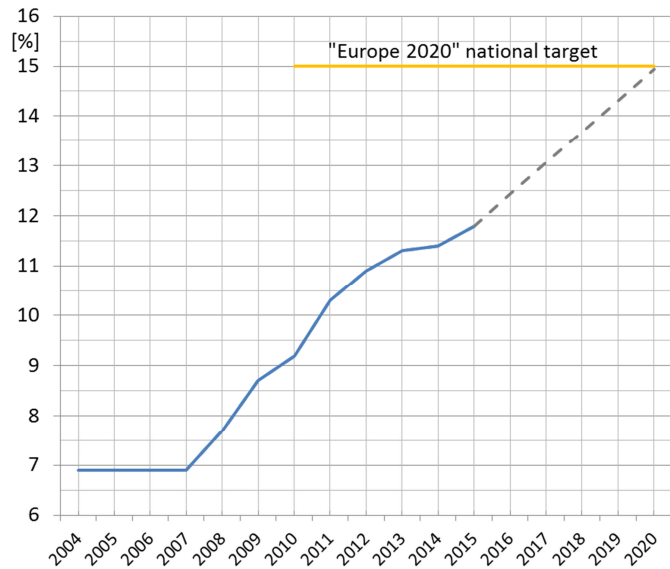


<sup>9</sup> Own calculations of the Ministry of Economic Development on the basis of SL 2014.

**The third group of indicators is related to climate change and sustainable energy use.** The EU target is the so-called “20/20/20”, i.e. reduction of greenhouse gas emissions by 20% compared to the 1990 level, increase in the share of energy from RES to 20%, and increase in energy efficiency to 20%. Under the above targets, each Member State declared its country-specific targets, the achievement of which would result in the achievement of the “20/20/20” in the EU as a whole.

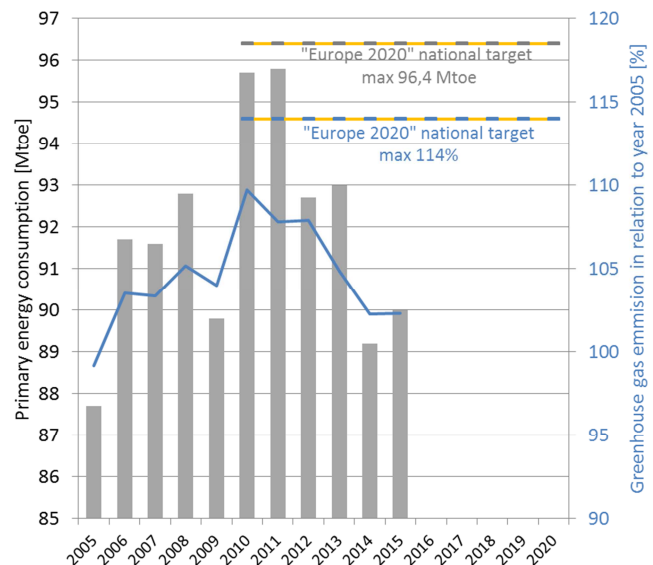
**The share of energy from RES in the gross final energy consumption,** after several years (2004-2007) of stagnation, has been rising systematically to **11.8%** in **2015** (preliminary data). The upward trend calculated on the basis of 2007-2015 data provided by CSO to Eurostat shows that the country-specific target can be achieved by 2020 (Chart 3).

**Chart 3** Share of energy from RES in the gross final energy consumption and forecasted rise in that rate on the basis of the 2007-2015 trend. / Own study. Eurostat data.



**The second indicator related to reduction of greenhouse gas emissions** has been based on two mechanisms attributed to different sectors of the economy, i.e. the Emissions Trading System at the corporate level (ETS) and reduction of emissions in sectors not covered by ETS (non-ETS or ESD, Effort Sharing Decision). The latest (preliminary) Eurostat data for 2015 show that non-ETS emissions in Poland grew by only 2.3% compared to the reference year (with acceptable threshold of growth by 2020 at 14% compared to 2005). In addition, the emission trend for years 2010-2015 was a downward one, which means that Poland has been broadening the gap between the maximum acceptable level of emissions and the current level of emissions. If the above-mentioned trend is maintained, by 2020 Poland will reach the level of emissions that would be lower by 6% than in the reference year. Another scenario based on the 2005-2015 trend assumes that the trend would be an upward one, with emissions higher by 6% than in the reference year. To sum up, both forecasted values suggest that the target will be achieved with a safe buffer.

**Chart 4** Primary energy consumption (grey) and CO<sub>2</sub> equivalent emissions in non-ETS sector compared to 2005 (blue). / Own study. Eurostat data.



With regard to energy efficiency, **Poland declared that the primary energy consumption would not exceed 96.4 Mtoe** (million tonnes of oil equivalent). Considering the **2015 data (consumption of 90.0 Mtoe)** and the long-term trend from years 1990-2015, by 2020 this rate should drop to 88.3 Mtoe. The trend calculated for a shorter period, i.e. for years 2005-2015, suggests that by 2020 the target value would be 92.9 Mtoe. It should be noted that both values are lower than the declared target. It

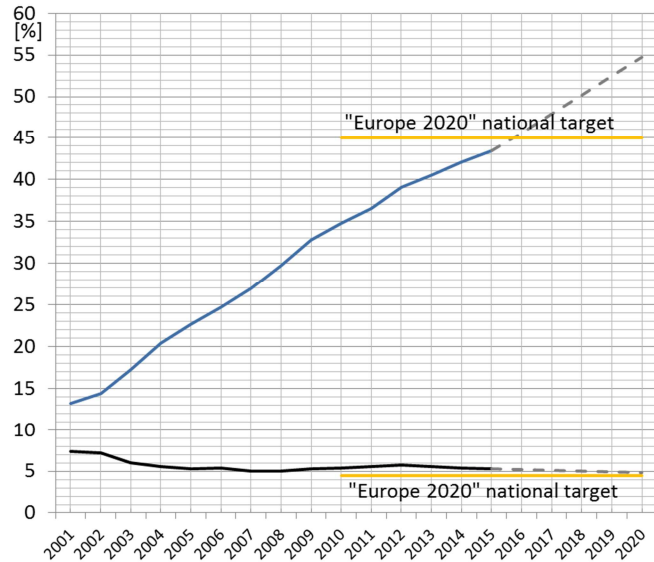
can be assumed that a probable value would be the average of both trends, with forecasted energy consumption of 91 Mtoe by 2020 (Chart 4).

**Europe 2020 targets related to education are reduction of the number of early leavers from education and training and increase in the number of persons with tertiary educational attainment.** In case of the first indicator, the national target declared by Poland was very challenging (below 4.5% vs. 10% for the European Union overall). **In 2015, the share of early school leavers aged 18-24 was 5.3%.** In the years 2003-2015 this ratio only slightly changed, with the average of 5.4% and a deviation of +/- 0.6 pp. However, the data from the last 3 years (2013-2015) show a systematic decrease by approximately 0.1 pp per annum.

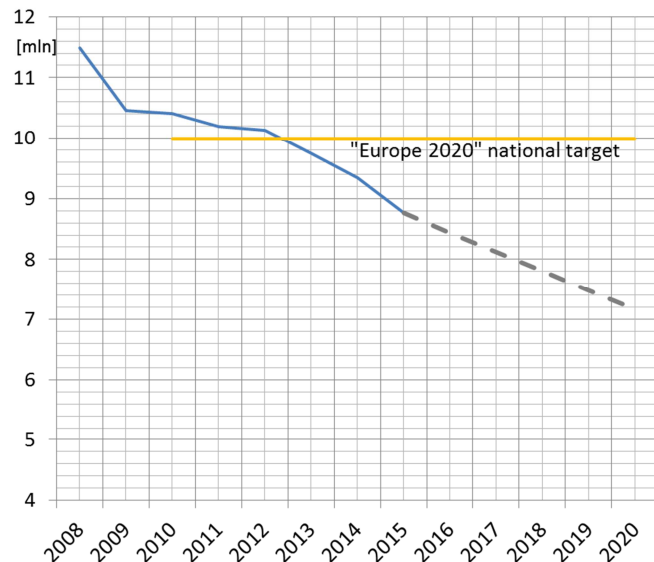
**As regards the improvement in the level of education,** Poland has been achieving very good results. The latest available data from 2015 show that **43.4% of persons aged 30-34 attained tertiary education.** According to the current upward trend based on 2001-2015 data, the target most probably could be achieved (**45% of persons aged 30-34 with higher education**) already in 2016. It should be noted that the rise of this ratio was very dynamic, with 13% in 2001 and over three times as much at present.

The fifth **Europe 2020 target is to reduce the number of persons at risk of poverty or social exclusion by at least 1.5 million compared to 2008.** In absolute terms, in 2015 the number of persons at risk of poverty or social exclusion in Poland was 8.76 million, which corresponds to 23.4% of the whole population. **Between 2008 and 2015, the number of persons at risk decreased by 2.73 million.** Poland achieved its national target already in 2013; moreover, assuming that the current trend is maintained, by 2020 the reduction would reach about 4 million, with the share of persons at risk of poverty or social exclusion dropping to 20% of the population (Chart 6).<sup>10</sup>

**Chart 5** Early school leavers (black) and persons aged 30-34 with higher education (blue) and forecasts on the basis of the 2001-2015 trend (grey dotted line). / Own study. Eurostat data.



**Chart 6** Number of persons at risk of poverty or social exclusion and forecast decrease in that rate on the basis of the 2008-2015 trend. / Own study. Eurostat data.



<sup>10</sup> Since 2013, social and economic partners have been pointing out that the national target related to poverty is underestimated and suggested increasing it to 3 million, for which the Government has not agreed.

## 5.2 Employment target

Total employment rate among persons aged 20-64 (in %) in Poland in years 2010-2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>total</b>	64.3	64.5	64.7	64.9	66.5	67.8	<b>69.3</b>	69.7	70.2	70.6	71.0

Source: 2010-2016 data based on LFS, CSO. 2017-2020 data based on MFLSP forecast.<sup>11</sup>

### **Main measures planned for years 2017-2018:**

#### **Youth Guarantee in Poland (Ministry of Family, Labour and Social Policy)**

Implementation of the Youth Guarantee programme in Poland began in 2014. At the initial stage, activation of the youth unemployment was only carried out by labour offices and the Voluntary Labour Corps. In November 2014, a nationwide loan programme was launched by Bank Gospodarstwa Krajowego (earlier, at the pilot stage, covering only 3 voivodeships), while in December 2014, the European Commission officially approved the Operational Programme Knowledge Education Development (OP KED), which gave the green light for allocating the European Social Fund to central and regional calls for projects for the NEET youth activation measures. Therefore, at the end of 2014 legal and organisational foundations were already in place for the implementation of the Youth Guarantee in all forms listed in the Youth Guarantee Implementation Plan in Poland drawn up in December 2013. In 2015 and 2016, youth activation in labour offices continued (also through cooperation with BGK under the *First Business – Support for start* programme) and through the Voluntary Labour Corps.

In the current period of NRP, apart from the standard measures carried out by labour offices and BGK, the Voluntary Labour Corps projects entitled *YEI and ESF Activation Action* and *Awake Your Potential*. *YEI and ESF* would be implemented, including individual psychological support, group workshops for active job-seeking, vocational courses, vocational courses offering certified qualifications, language courses, ECDL course, driving course, entrepreneurship course, assistance in finding jobs and organising traineeships, and traineeships offered by employers. In 2017, projects entitled *YEI and ESF From Training to Employment* will be implemented for 3,700 economically inactive persons from the NEET group. The extent of support would be analogical to the *YEI and ESF Activation Action* Projects.

Central calls for projects are organised under OP KED Priority Axis I *Young people on the labour market* - Measure 1.3 *Support for young persons in particularly difficult situation*, Sub-measure 1.3.1. The aim of the calls for projects is to enable employment of young persons under the age of 29 who remain unemployed, in particular persons not in education or training (so-called NEET). Calls for projects announced by the Ministry of Family, Labour and Social Policy under the Youth Guarantee Programme relate to projects supporting individual and comprehensive activation, both professional and educational, of young persons (unemployed, economically inactive, and job-seeking, in particular persons not registered with the labour office). In the period of NRP 2017/2018, the second calls for projects will be announced (out of the three planned under the YGP). The expected number of persons aged 15-29 to be supported under the central call for projects is 18,000.

#### **Schedule**

- Completion of *Awake Your Potential* Projects by the Voluntary Labour Corps – **Q2 2017**.
- Completion of *YEI and ESF Activation Action* Projects by the Voluntary Labour Corps – **Q3 2017**.

<sup>11</sup> Preliminary forecast for 2017-2020 based on preliminary estimated indicators for 2016. The forecast will be verified after publication of the final data for 2016 by CSO.

- Implementation of the YEI and ESF *From Training to Employment* project by the Voluntary Labour Corps – **Q3 2017 – Q2 2018**.
- Announcement of the second central call for projects – **Q4 2017**.

Apart from the above-mentioned measures, the Youth Guarantee Programme measures also include activation of the unemployed and job-seeking persons in poviats labour offices, loans from Bank Gospodarstwa Krajowego, and regional calls for projects.

### **Financing**

In years 2017-2018, total funds allocated by the public finance sector amount to approximately PLN 2.7 billion per annum (out of which about PLN 1.1 billion from the EU funds budget). Figures according to the estimated funding sources for the Youth Guarantee in Poland, provided for in the revised *Youth Guarantee Implementation Plan* dated October 2015).

### **Development of the social economy sector (Ministry of Family, Labour and Social Policy)**

Support for the development of social economy operators is an important measure fostering growth conducive to social inclusion, as it consists in social and professional activation of persons facing challenges when seeking jobs on the open labour market.

Two main tasks will be implemented:

- 1) continuation of the system of accreditations for the centres supporting social economy operators in order to guarantee sufficiently high quality of services provided by the Social Economy Support Centres, and then the launch of the social economy sector monitoring system.
- 2) Support for social economy operators through refundable financial instruments. One of the key segments of the system of support for social economy entities is the launch of the National Social Entrepreneurship Fund under the Operational Programme Knowledge Education Development (OP KED) (Measure 2.9 *Social economy development*). Objectives of the Fund are based on the experience from the pilot implementation of loans for social economy operators under Measure 1.4 of the OP HC . In accordance with those objectives, the support for social entrepreneurship and vocational integration in the case of social economy operators would include i.a. extension of preferential loans with the following parameters:
  - start-up loan up to PLN 100,000 – for economic operators running business for no longer than 12 months;
  - development loan up to PLN 500,000 – for economic operators running business for longer than 12 months.
 The loans can be used for investment purchases or as working capital (purchase of materials and products).

Re-surety module will also be launched.

#### The deliverables by the deadline 2023:

- 2,030 social economy operators will benefit from repayable financial instruments;
- 1,250 jobs will be created by social economy operators .

### **Schedule**

- Call for projects for the accreditation of Social Economy Support Centres – **Q2 2017 – Q1 2018**.
- Under the first round of applications, financial intermediaries could extend loans from the National Social Entrepreneurship Fund at least until **Q1 2018**.

### **Financing**

Measures will be funded within the framework of the Operational Programme Knowledge Education Development: the National Social Entrepreneurship Fund - about PLN 0.9 million in 2017 and PLN 38.8 million in 2018 (PLN 158.9 million throughout the period of operation of the Fund in years 2016-2023).



AKSES – a system of accreditation and operating standards for social economy support institutions – about PLN 1.8 million in 2017 and PLN 1.7 million in 2018 (PLN 8.2 million throughout the period of system implementation in years 2016-2020).

### **Achieving work-life balance and counteracting gender-based discrimination at work (Ministry of Family, Labour and Social Policy)**

Projects supporting equal opportunities of women and men on the labour market and achieving work-life balance will be implemented.

In Q2 2017, a practical online platform developed under the project entitled *Family and Work – It Pays Off!*, co-financed by the European Commission, will be launched and disseminated, offering comprehensive information about the mechanisms of achieving work-life balance and instructions for employers with regard to gradual implementation of the best solutions in this respect in their companies.

In 2017, the tool developed under the project entitled *Equality of Women and Men in Economic Decision-making Processes as an Instrument of Social Change* and financed within the framework of Progress Programme, which supports enterprises in promoting equality of women and men holding senior management positions in large enterprises and in increasing the involvement of women in economic decision-making processes, will be adjusted to the specific nature of medium-sized enterprises (employing between 50 and 249 persons) and tested in 40 companies, after which it will be implemented in 360 enterprises. The tool is the *Handbook for Companies* and it consists of the information part (legal status) and practical training sheets.

Moreover, under OP KED Measure 2.1, in Q4 2017 the call for projects entitled *Improving competencies of representatives of entities other than gminas, who plan to create and run a care centre for children under the age of 3 and who reside in gminas with population of less than 5,000* will be announced.

In 2017, call for projects entitled ***Implementation of tools counteracting discrimination at work and in access to employment in small enterprises*** will be announced under Measure 2.1 *Equal opportunities for women and men in all areas, including employment, career, and work-life balance* (OP KED ). **The programme supporting the development of care institutions for children under the age of 3** has been implemented by the Ministry of Family, Labour and Social Policy since 2011. Under the programme, initiatives of various operators (public and non-public) to create new, or maintain already existing, facilities covering various forms of care for small children (nursery, kids' club, day care provider) can be selected in the open call for projects and co-financed with the state budget funds. Its new edition, the 2017 *Toddler Plus* Programme, was announced in November 2016.

The Ministry of Family, Labour and Social Policy has been working on the facilitation of the care system for children under the age of 3 on the basis of its experiences in the implementation of the Act on the care for children under the age of 3 and the *Toddler* programme.

#### **Schedule**

- Launch of the practical online platform offering comprehensive information about the mechanisms of achieving work-life balance – **Q2 2017**.
- Adjustment of the *Handbook for Companies* to medium-sized enterprises and its implementation – **Q2 2017**.
- Presentation of the draft amendments to the Act on the care for children under the age of 3 – **Q2 2017**.
- Announcement and selection of projects for the special edition of the 2017 *Toddler Plus* Programme with regard to the co-financing of guaranteed care facilities for children under the age of 3 with disability certificates or requiring special care – **Q2 2017**.
- Works on the 2018 *Toddler Plus* Programme – **H2 2017**.

- Presentation of the 2016 report on the implementation of the Act on the care for children under the age of 3 to the Council of Ministers – **Q3 2017**.
- Announcement of the call for projects entitled *Implementation of tools counteracting discrimination at work and in access to employment in small enterprises* – **Q4 2017**.
- Announcement of the call for projects entitled *Improving competencies of representatives of entities other than gminas, who plan to create and run a care centre for children aged up to 3 and who reside in gminas with population of less than 5,000* – **Q4 2017**.

## Financing

Name of measure	2017			2018		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
Act on the care for children under the age of 3	166,000	166,000				
Competition under OP KED Measure 2.1.	900	142	758	1,200	200	1,000
<i>Family and work – this pays off!</i> project	231	116	115			

## 5.3 R&D expenditures target

Expenditures on R&D in years 2011-2020 (% of GDP)<sup>12</sup>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
share	0.75	0.88	0.87	0.94	<b>1.00</b>	1.12	1.25	1.38	1.53	<b>1.70</b>

Source: 2011-2015 data - CSO<sup>13</sup>. 2016-2020 data – MSHE.

### **Main measures planned for years 2017-2018:**

#### **Innovativeness Act (Ministry of Science and Higher Education)**

The aim of the planned amendments is to trigger and develop innovativeness through elimination of administrative barriers and introduction of additional incentives, including fiscal ones.

Under those measures, on 1 January 2017 the Act amending certain acts laying down conditions for carrying out innovative activity (the so-called Innovativeness Act I) entered into force. The Act sets forth a set of solutions aimed at creating incentives for innovative activity, in particular through tax reliefs, stabilisation of the financing of commercialisation of research results, or procedural facilitations. Moreover, a *White Paper on Innovativeness* was developed, where legislative and organisational solutions used for preparation of the so-called Innovativeness Act II were identified.

The Act should improve innovativeness of the Polish economy, in particular increase the number of innovative enterprises carrying out R&D work. The trigger for the above-mentioned activity would take the form of more attractive tax reliefs for R&D. Moreover, the activity of R&D centres will improve through more effective mechanisms of support (new tax relief for R&D centres). Other tax solutions will also be implemented to encourage enterprises to take up R&D activity (i.a. coverage of companies operating in SEZ with tax reliefs, if the R&D activity is carried out outside those zones), as

<sup>12</sup>GERD - Gross Domestic Expenditures on Research and Development to GDP (source: CSO).

<sup>13</sup>Due to the shift from ESA 1995 to ESA 2010 methodology, data for 2011-2012 were changed so they no longer reflect the data presented in the previous versions of the National Reform Programme.

well as other incentives for scientific institutions to commercialise research results and use research infrastructure. Other plans include simplification of the patent-awarding process and easier access to legal assistance in this respect, as well as improving the effectiveness of NCBR operations.

Excerpt from the *Country Report - Poland 2017: Boosting innovation in the business sector remains a key challenge for Poland*. (page 37)

#### **Schedule**

- Planned date of adoption of the Act by the Council of Ministers – **Q2 2017**.
- Planned date of the Innovativeness Act II' entry into force – **1 January 2018**.

#### **Financing**

Financial effects for the public finance sector in 2017: PLN 361 million, in 2018 – PLN 433 million.

### **Creation of the National Institute of Technology (Ministry of Science and Higher Education)**

One of the factors of change that would improve the competitiveness of the Polish economy and the effectiveness of institutions promoting the transfer of knowledge to the economy is the creation of the National Institute of Technology (NIT). NIT is expected to be an institution with large research potential, carrying out applied and development research, whose main objective would be the transfer of knowledge to the economy through commercialisation of the developed technologies, development of industry-specific and technological centres of competence, and support for the state in the implementation of technological policy.

NIT would cover research institutes which would fulfil specific criteria, the most important of which being the fact of carrying out R&D work in the areas identified as strategic in RDS. Other criteria would include significant achievements in the implementation and cooperation with industry, unique research equipment, and outstanding scientific accomplishments. Due to the current formula of operation of research institutes, such systemic change as creation of NIT would require amendments to several dozen acts of law in force. All necessary changes would be implemented in the form of an act implementing the Act on the National Institute of Technology.

Excerpt from the *Country Report - Poland 2017: A limited commercialisation of research results and weak science-business links limit the innovative capacity of the economy*. (page 37)

#### **Schedule**

- Planned date of the NIT Act's entry into force – **Q4 2017**.
- Creation of NIT – **January 2018**.

#### **Financing**

The measure will not bring any financial effects for the public finance sector. The earmarked grant NIT would be receiving in subsequent years will not exceed the amount of the current statutory grant for research institutes.

### **Increased protection of industrial property rights (Ministry of Economic Development/Patent Office of the Republic of Poland)**

Measures under the project entitled *Intellectual property for inventors* are expected to encourage inventors (mostly micro-, small and medium-sized enterprises) to a more aware, efficient and economically useful exercise of their intellectual property rights, as well as of the rights of others. The legislation will be reviewed and new legal solutions will be proposed for the Industrial Property Law act. At the same time, support instruments for enterprises (available under various programmes) that focus on the protection of intellectual property rights will be reviewed, after which the



use/modification of respective IPR instruments will be proposed based on the identified needs of enterprises.

Protection of intellectual property rights will also be enhanced through educational activity and through the implemented instruments supporting application for the protection of such rights and their execution. Shorter time of court proceedings, consolidated jurisdiction, and training for judges should translate into better effectiveness of courts with regard to intellectual property.

Excerpt from the *Country Report - Poland 2017: A limited commercialisation of research results and weak science-business links limit the innovative capacity of the economy.* (page 37)

#### **Schedule**

- Preparation of draft amendments to the Industrial Property Law act – **Q2 2017.**
- Adoption of draft amendments to the Industrial Property Law act by the Council of Ministers – **Q1 2018.**
- Development of proposals for use/modification of respective IPR instruments based on the identified needs of enterprises – **Q1 2018.**

#### **Financing**

The measure will be fully financed from EU funds, with EUR 3.5 million for 2017 and 2018 respectively.

### **Polish Industrial Platform 4.0 (Ministry of Economic Development)**

The aim of the project is to improve global competitiveness of Polish industry through digitisation of technical infrastructure. The nature of intervention is the reconstruction and integration of technical infrastructure based on forecasted growth of the Internet of Things, RES, fossil fuels, energy warehouses and electric cars markets after 2020. Development of ICT technologies, in particular large-scale production of sensors and steering systems based on the information from those sensors, will contribute to the creation of new management models, i.a. for traffic, transport, energy consumption, as well as manufacturing models for other industrial sectors, i.a. automotive or aircraft industries. A new qualitative factor would also be the increasingly common use of cloud computing, as well as analyses and forecasts based on big data processing. As a result, the growth rate for innovations will accelerate, the marginal costs of production will decrease, platforms will be created to combine and accumulate different forms of activity in many sectors, and the scale of profits will increase.

Works are currently under way on the draft Act on the Polish Industrial Platform 4.0 foundation and by-laws.

#### **Schedule**

- Beginning of works on *Green Paper – Industry 4.0* – **Q2 2017.**
- Planned date of entry into force of the Act on the Polish Industrial Platform 4.0 foundation – **Q3 2017.**

#### **Financing**

Assessment of financial effects with regard to the preparation of the draft Act on the Polish Industrial Platform 4.0 foundation will be possible at the later stage of works on the document.

### **Implementation of sectoral programmes and R&D programmes (Ministry of Science and Higher Education)**

Strategic R&D programmes are high-budget programmes resulting from the scientific and innovative policy of the state that foster social and economic development in Poland.

Sectoral programmes are used for the implementation of large R&D projects that are important for the development of respective industries/economic sectors. Originators of sectoral programmes are groups of enterprises acting on behalf of the whole industry (i.a. through a technological platform, cluster initiative etc.), who present an outline of a research agenda with identification of specific needs of the sector for R&D works. Co-financing is granted for projects covering industrial research and/or development works. Support is awarded to projects in line with the National Smart Specialisation, including specialisations resulting from the entrepreneurial discovery process. For instance, the main objective of the Joint Venture of NCBR and PKP PLK S.A. is to implement R&D projects in the area of railway infrastructure management. Implementation of the Joint Venture would improve the technical state of the railway network, mitigate the negative environmental impact of railway transport, facilitate the maintenance and modernisation of railway infrastructure, and improve the safety and comfort of the passengers. Moreover, the Joint Venture would allow for the development of innovative IT systems, which would increase the competitiveness of railways compared to other means of transport.

In 2017, announcement and selection of projects for competitions under the following programmes is planned:

<b>Programme name</b>	<b>Public finance sector expenditures (PLN million)</b>
INNOCHEM 2 competition – chemicals	180
INNONEUROPHARM 1 competition - pharmacy	190
INNOWACYJNY RECYKLING 1 competition - recycling	90
WoodINN 1 competition – forestry and wood	120
GAMEINN 2 competition – video games	55
PBSE 2 competition – electrical energy	120
INNOSBZ 2 competition – unmanned systems	50
IUSER 2 competition – smart devices and dispersed generation systems	150
INNOTABOR 1 competition – innovative rolling stock	196
INNOMOTO 1 competition – automotive industry	250
SYNChem – chemicals	15
INGA – gas	200
NCBR-PKP PLK - railways	25
Regional R&D Agendas	340
Application Projects	200
CyberSecIdent – cybersecurity and e-identity	70
TECHMASTRATEG 2 competition- modern material technologies	150 <sup>14</sup>

<sup>14</sup> Preliminary forecast.

## 5.4 Climate change and sustainable energy use targets

### Main measures planned for years 2017-2018:

#### Clean air package (Ministry of the Environment, Ministry of Energy, Ministry of Economic Development)

The aim of those measures is to fully improve air quality to the point where there is no significant harm for health or for the environment in accordance with EU law and, in the longer perspective, with WHO guidelines, as well as to raise awareness of the negative impact of pollution on human health. The project includes i.a. standardisation of solid fuel heating devices and qualitative requirements for solid fuels used in the household/municipal sector, development of control mechanisms for low-carbon power sources, adjustment of financial mechanisms and their social availability and creation of a legal framework fostering the implementation of effective measures resulting from the National Air Protection Programme, as well as from air protection programmes at the voivodeship and local level and short-term action plans drawn up for areas where standard air quality levels have been exceeded, including introduction of notions that are currently absent in the legal terminology (such as low carbon).

The legislative changes prepared by the Ministry of Energy aim at monitoring and control of the quality of solid fuels, in particular at reduction of pollution and greenhouse gas emissions through identification of solid fuels in the drafted act, i.a. brown coal, coal silt and coal flotoconcentrates, which should not be incinerated in low-capacity plants. Moreover, the aim of the proposed changes is to limit the inflow of unsorted coal to Poland. Importers will be obliged to sort the coal transported to Poland. The draft ordinances of the Minister of Energy would regulate the solid fuel market and enable the consumers to obtain information about the quality of the fuel sold. In the case of the draft Ordinance of the Minister of Energy on the qualitative requirements for solid fuels, differentiation of the criteria for solid fuels intended for incineration in plants with nominal heating capacity lower than 1 MW, in particular for household use, would be crucial.

At the same time, works are under way at the Ministry of Economic Development, including the entry into force of the Ordinance of the Minister of Development and Finance on the requirements for solid fuel boilers. As a result of the draft Ordinance, only solid fuel boilers with the highest emission parameters would be approved for sale and installation.

*Excerpt from the Country Report - Poland 2017: Air quality continues to be a major concern, with air quality standards among the lowest in the EU-28. Poland has not yet taken sufficient measures to limit the emission of pollutants from its main sources, which include heating of individual houses by obsolete boilers and low-quality coal. (page 40)*

#### Schedule

- Adoption of the Ordinance of the Minister of Energy on the qualitative requirements for solid fuels – **Q2 2017**.
- Adoption of the Ordinance of the Minister of Energy on the methods of assessing the quality of solid fuels – **Q2 2017**.
- Adoption of the Ordinance of the Minister of Energy on the method of sampling of solid fuels – **Q2 2017**.
- Entry into force of the Ordinance of the Minister of Development and Finance on the requirements for solid fuel boilers – **Q3 2017**.
- Prioritisation of National Fund for Environmental Protection and Water Management resources for measures aimed at the fastest possible improvement of air quality – **Q3 2017**.

- Introduction of the requirement of gradual connection of buildings located in urban and suburban areas to the district heating network if they do not have an effective source of heat, and providing financial aid for persons in need – **Q4 2017**.

### **Financing**

The financial effects of introduction of measures initiated by the Ministry of Energy are at the preliminary stage of consultations, therefore their final value is yet unknown. The Ordinance on the requirements for solid fuel boilers does not provide for the allocation of more funds to the measures described in the Ordinance.

### **Polish Nuclear Power Programme (Ministry of Energy)**

Under the implementation of the Polish Nuclear Power Programme (PNPP), in 2017 analyses of the profitability of nuclear power investment in Poland will be conducted as well as possible financing methods for this investment including analyses concerning disposal of radioactive waste.

Basing on the conducted analyses, in case of decision on development of nuclear power, company PGE EJ1 will conduct environmental and geological survey in order to find possible location of the first nuclear power plant.

Important measure under the Polish Nuclear Power Programme is preparation of Polish industry for the participation in the construction and maintenance of Polish and foreign nuclear power plants. It is indeed not a single measure, but rather a group of measures, part of which has been implemented since 2012. The following measures have been planned for years 2017-2018:

- 1) development of the preliminary proposal for the plan of supporting Polish industry in the area of cooperation with the global nuclear power sector;
- 2) continuing ongoing training for Polish industry: organisation of training, dissemination of expert knowledge about nuclear power in Polish industry;
- 3) continuing ongoing support of Polish enterprises at the global level in concluding contracts relating to nuclear power.

### **Schedule**

- Conducting analyses of the profitability of nuclear power investment in Poland - **by the end of Q4 2017**

### **Financing**

The costs of analyses concerning the profitability and financing methods of nuclear plant investment (the costs of experts, the costs of potentially ordered analyses etc.) will be covered by PGE EJ1 from its own funds.

### **Electromobility (Ministry of Energy, Ministry of Economic Development)**

Electromobility is one of the key areas identified in the *Responsible Development Strategy*. The aim is to create favourable conditions for the promotion of electric vehicles, in particular in the context of the public transport in cities, both with regard to electric buses and to other means of transport using electric propulsion with charging infrastructure.

Under the ***Polish Electromobility Development Plan***, the benefits from the common use of electric vehicles were defined and the economic and industrial potential of that area was identified. According to the vision presented in the Plan, electromobility should develop in three stages, each with different level of market maturity and necessary public involvement. The first stage would be preparatory and it will last until 2018. Regulatory conditions for the development of electromobility will be created and public financing will be allocated. During the second stage (2019-2020), charging infrastructure for electric vehicles will be constructed in selected locations. Incentives for buying electric vehicles will be intensified. The results of electromobility research initiated in the first stage will be commercialised and new business models for the promotion of electric vehicles will be

implemented. At the third stage (2020-2025) the electromobility market is supposed to be mature, which would allow for the gradual withdrawal of support instruments.

Another component supporting electromobility development will be the adoption of the **National policy framework for alternative fuels infrastructure policy**, which would allow the promotion of market and infrastructure development with regard to electricity and natural gas in the form of CNG and LNG used in road and water transport.

The *Polish Electromobility Development Plan* and the *National policy framework* form the basis for the works on the Act on electromobility that are currently under way at the Ministry of Energy.

#### **Schedule**

- Adoption of the *National policy framework for alternative fuels infrastructure policy* – **Q2 2017**.
- Adoption of the Act on electromobility – **Q4 2017**.

#### **Financing**

Due to the fact that the *Plan* lays down a general framework of development of the new electromobility market in Poland (by 2025), its impact on the public finance sector cannot be determined. The financial effects for certain measures will be calculated at the stage of works on specific solutions, as only then will it be possible to assess them precisely. The Plan sets the general direction for tax and legislative changes, but the detailed rules of such changes will be defined at the statutory level.

## **5.5 Educational targets**

*This Chapter does not include information about the planned measures related to the reform of higher education and vocational training. Such measures have been presented in Chapter 6.3 in response to the recommendation relating to better adjustment of the systems of education to the labour market needs.*

### **Main measures planned for years 2017-2018:**

#### **Enhancement of the teaching excellence system (Ministry of National Education)**

The aim of enhancement of the teaching excellence system is to offer high quality excellence system for teachers and to implement the priority targets related to education. The system will be enhanced through the introduction of mandatory accreditation of teaching excellence institutions, increased share of universities in teaching excellence processes, and creation of a network of training schools. Under this initiative:

- by way of the Act of 14 December 2016 – Education Law and the Act implementing the Education Law, by 1 September 2019 all teaching excellence institutions must receive accreditation,
- 2 projects financed from ESF funds have been implemented at the Centre for Education Development in order to enhance the teaching excellence system: *Improved efficiency of measures carried out by the support system staff and coaches with regard to key student competencies*, and *Support for the creation of training schools*.

#### **Schedule**

- Development of the standards of cooperation for training schools and universities and teaching excellence institutions, as well as with psychological and didactical centres and didactical libraries – **Q2 2017**.
- Development of model training materials, including multimedia and e-learning materials, for training school teachers – **Q3 2017**.
- Launch of the pilot training school – **Q3 2017**.

- Definition of detailed conditions for common accreditation of teaching excellence institutions in the Ordinance of the Minister of National Education – **Q3 2017**.
- Development of the system of validation and certification of the teaching excellence system staff – **Q1 2018**.

#### Financing

2017			2018		
Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget – OP KED (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget – OP KED (in PLN thousand)
4,400	700	3,700	9,400	1,400	8,000

#### Teacher education curricula (Ministry of Science and Higher Education)

In 2017, the non-competitive project entitled *Development of model teacher education curricula* will be completed. The curricula will be developed in cooperation with representatives of academic community and education staff, with active involvement of representatives of employers or employer organisations. The curricula will define the main learning outcomes and the methods of their achievement by the students. They will also include key content for social and economic development. The created curricula will also contribute to the development of pedagogical competencies of future teachers and social competencies of students, as well as take into account modern didactical methods and application of digital tools. The developed curricula will be then implemented in the form of a competition.

The aim of the competition entitled *Teacher education curricula* is to implement teacher education curricula on the basis of the curricula developed by the Ministry of Science and Higher Education under the non-competitive project entitled *Development of model teacher education curricula*.

#### Schedule

- Completion of the non-competitive project *Development of model teacher education curricula* – **Q4 2017**.
- Announcement of the *Teacher education curricula* competition – **Q4 2017**.

#### Financing

Name of measure	2017			2018		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
<i>Development of model teacher education curricula</i>	2,500	393	2107			
<i>Teacher education curricula</i>				2,700	200	2,500

#### Development programmes at medical universities (Ministry of Health)

The aim of the projects entitled *Implementation of development programmes for medical universities participating in the process of practical education of students, including creation of Centres for Medical Simulation (CMS)* is to improve the quality of education of future medical staff and the safety

of patients through the implementation of development programmes consisting in increasing the number of courses where medical simulation is used.

The projects offer support for the implementation of development programmes by universities participating in the practical education of students of medicine, dental medicine, nursing, and midwifery, including the creation of CMS.

#### Schedule

- Creation of CMS – **Q2/Q3 2017.**
- Commencement of courses for students at CMS premises – **Q4 2017- Q1 2018.**

#### Financing

2017			2018		
Total effects for the public finance sector ( <i>in PLN thousand</i> )	Of which the state budget ( <i>in PLN thousand</i> )	Of which the EU funds budget ( <i>in PLN thousand</i> )	Total effects for the public finance sector ( <i>in PLN thousand</i> )	Of which the state budget ( <i>in PLN thousand</i> )	Of which the EU funds budget ( <i>in PLN thousand</i> )
155 603	25 647	129 956	55 663	8 750	46 913

## 5.6 Fighting poverty and social exclusion target

### Main measures planned for years 2017-2018:

#### **Family 500 + Programme (Ministry of Family, Labour and Social Policy)**

The main objective of the Programme is to reverse the negative demographic trend in Poland. It is also aimed at providing financial support for families with children, including families with many children. The implementation of the Programme will thus reduce poverty in those families. The Programme has been implemented since 1 April 2016 and consists in financial support in the form of a monthly child benefit 500+ (benefit for bringing up a child 500+) of PLN 500 a monthly for every second and subsequent child in the family under the age of 18. With regard to first children, the support depends on the fulfilment of the income criterion, i.e. net income amounting to PLN 800 per family member, or PLN 1,200 per family member in the case of families with children with disabilities. Children placed in foster family and foster home are entitled to a child care bonus – PLN a monthly, whereas children placed in the family-based care and education centre are entitled to an identical amount of bonus to the lump-sum amount, without income criteria.

By the end of March 2017, the *Family 500 +* Programme and other systems of support for families with children were reviewed (evaluated) and conclusions on changes in those systems were formulated in accordance with Article 54(2) of the Act on state aid for raising children.

#### **Schedule**

- Works on changes in the systems of support for families with children after the completed review – **from Q2 2017.**

#### **Financing**

The estimated financial effects for the state budget due to the implementation of the *Family 500 +* Programme amount to approximately PLN 23.2 billion in 2017 and about PLN 23,6 billion in 2018.



## 6. Measures for the implementation of the recommendations by the EU Council of 2016

### 6.1 Stability of the pension system

**Content of Recommendation No. 2:** *Ensuring the stability and adequacy of the pension system and increasing the participation in the labour market through the reform of preferential pension and disability allowance systems (...).*

#### **Main measures planned for years 2017-2018:**

#### **Measures for changes to the pension system (Ministry of Economic Development/Ministry of Family, Labour and Social Policy).**

The changes which have been made to the pension systems in recent years were aimed at preserving the long-term stability of public finance and of the pension system.

The Act of 25 March 2011 amending certain acts related to the functioning of the social insurance system was aimed at mitigating threats resulting from the accumulating public debt, which was due to the need to cover shortages in the Social Insurance Fund (FUS) emerging as a result of transferring part of the pension contribution to open-ended pension funds (OFE).

The adoption of the Act of 6 December 2013 amending certain acts in relation to the establishment of principles for paying out pension benefits from the resources accumulated in the open-end funds, which introduced a voluntary participation in the OFE for persons entering work life, caused that contributions to the Social Insurance Fund (FUS) were higher by approximately PLN 3.9 billion in 2014 and by approximately PLN 10 billion in 2015 (as estimated by the Social Insurance Institution). Simultaneously, there was a significant outflow of participants in the OFE to the Social Insurance Institution. Taking into consideration the mechanism of the so-called safety slider, as well as the fact that only an immaterial percentage of persons entering work life decide to become OFE member, the number of persons and the capital accumulated in the open-ended pension funds is going to fall down.

The results of the pension review<sup>15</sup> performed by the Ministry of Family, Labour and Social Policy indicate that the interest in instruments under the 3. pension pillar is low, although they make it possible to accumulate additional capital for old age.

The Capital Accumulation Programme will serve to establish a voluntary capital saving scheme in Poland and long-term investment products. The Programme is aimed at increasing the financial safety of the Poles and the stability of the public finance system, developing the local capital market and at increasing the development potential of the economy.

As assumed, 25% of the assets held by the OFE in the form of liquid assets, excluding shares of Polish companies, will be transferred to the Demographic Reserve Fund in order to actually strengthen the financial buffer of the pension system. These resources will be used in future in order to secure the co-financing of old-age pension benefits for current OFE members. 75% of the current assets held by the OFE in the form of shares of Polish companies will be transferred to the open-ended Polish shares investment funds, which will come into existence in the process of transforming the OFE.

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<sup>15</sup> The Report of the Council of Ministers for the Sejm of the Republic of Poland on the consequences of the validity of the Act of 25 March 2011 amending certain acts related to the functioning of the social security system (Journal of Laws item 398, as amended) and of the Act of 6 December 2013 amending certain acts in relation to the establishment of principles for paying out pension benefits from the resources accumulated in the open-ended funds ( Journal of Laws item 1717).

These resources will be credited to the individual pension security accounts (IKZE). Furthermore, it is planned to create employee capital plans (ECPs) in all those enterprises which have employees in order to increase the level of saving and security for old age. The ECPs are based on the assumption that both employers and employees will participate in the plans and employees will be able to benefit from appropriate fiscal incentives. Should an employer not select a management institution, the Polish Development Fund (through PFR TSI S.A.) will be a default institution administering the ECPs, and will offer investment funds adjusted to the age of the saving persons. It is assumed that, the establishment of the ECPs would be obligatory for all employees aged 19-55 years, while these employees would be able to withdraw from the above-mentioned programme within the first 3 months. Persons aged 55 years and more could join the ECPs voluntarily.

Taking into consideration the ageing process of the society and the resulting pressure on public finance, as well as the need to maintain an adequate level of income for persons who completed their professional activity due to their age, objectives of the regulations on pensions and disability allowances will be developed on the basis of the performed review of old-age and disability pension solutions, including the special systems.

*The Review of the pension system. Report of the Council of Ministers for the Sejm of the Republic of Poland on the consequences of the validity of the Act of 11 May 2012 amending the Act on old-age and disability pensions from the social insurance fund (Journal of Laws of 2012, item 637), including proposed changes (Form No. 1206), which was submitted to the Sejm of the Republic of Poland, contains respective proposals and recommendations, which correspond to the diagnosis presented in the Plan for Responsible Development. After the analysis of the proposed solutions, works on assumptions of draft Acts and legislative works will be launched.*

#### **Schedule**

- The Council of Ministers will adopt a draft Act amending the OFE - **Q3/Q4 2017**.
- The Act will enter into force - **Q4 2017/Q1 2018**.
- The Council of Ministers will adopt a draft Act on the establishment of the ECPs - **Q4 2017**.
- The Act will enter into force - **Q1 2018**.

#### **Financing**

Detailed financial calculations will be presented at a later stage of works on the Capital Accumulation Programme.

## **6.2 Permanent forms of employment**

**Content of Recommendation No. 2:** *Removing barriers for more lasting forms of employment.*

Excerpt from the *Country Report – Poland 2017: Actions have been undertaken in order to limit the segmentation of the labour market, there are still barriers which discourage to use contracts for an indefinite period.* (page 27)

#### **Main measures planned for years 2017-2018:**

##### **New labour law (Ministry of Family, Labour and Social Policy)**

Taking into consideration the fact that a high percentage of persons are employed under other contracts than those for an indefinite duration, the government has recognised the need to develop comprehensive amendments to regulate employment relations. Therefore, it has decided to appoint a codification committee consisting of representatives of the minister responsible for labour, representatives of social partners gathered in the Social Dialogue Council, as well as of representatives of the scientific and expert communities. The Labour Law Codification Committee

has been appointed on the basis of the Ordinance of the Council of Ministers of 9 August 2016 on the Labour Law Codification Committee (Journal of Laws item 1366).

In accordance with the above-mentioned Ordinance, the Committee is to submit a draft Act to the Minister of Family, Labour and Social Policy within 18 months from the date its members are appointed by the President of the Council of Ministers, i.e. starting from 15 September 2016 - a Labour Code with justification and a draft Act - a Collective Labour Code with justification.

#### **Schedule**

- Developing two draft codes: the Labour Code and the Collective Labour Code - **Q1 2018**

The works on the draft codes will take place after the validity period of the National Reform Programme 2017/2018; therefore, respective data will be available in the next edition of the National Reform Programme.

#### **Changes in the employment of temporary employees (Ministry of Family, Labour and Social Policy)**

The changes are aimed at specifying more in detail the provisions for preventing abuses consisting in that permanent forms of employment are replaced by temporary forms, temporary labour, if this practice is prohibited or violates the maximum acceptable limits of temporary employment.

In the Act amending the Act on the employment of temporary employees and certain other acts, it was also specified more in detail which jobs must not be assigned to temporary employees. This refers to the performance of the same type of job, which was formerly performed by a permanent employee during the last 3 months, who was laid off by the employer user for reasons which may not be assigned to him or her.

Provisions regulating the maximum period of temporary employment were also specified more in detail. Temporary work agencies will be able to direct a temporary employee to perform temporary job for one employer user during a period of up to 18 months in total within 36 following months. At the same time, an employer user will be able to use work performed by the same temporary employee during a period of up to 18 months in total within 36 following months.

The Act also assumes that the procedural protection of temporary workers will be strengthened. As other employees, they will be able to submit a claim to the labour court they choose.

#### **Schedule**

- The Act amending the Act on the employment of temporary employees and certain other acts will enter into force - **Q2 2017**, excluding part of the provisions of the Act on the promotion of employment and on the labour market institutions, which are planned to enter into force as of **1 January 2018**.

#### **Financing**

Once the Act has entered into force, a negative balance in public finance will come into existence (the FUS, the National Health Fund, the Labour Fund, the Guaranteed Employment Benefit Fund, Local Government Units) amounting to PLN 10 million in 2017 and PLN 17.5 million in 2018. The changes will not trigger an increase in the expenditure from the state budget; on the contrary, it is expected that there will be additional inflows to the state budget amounting to PLN 0.6 million in 2017 and PLN 1.2 million in 2018.

### 6.3 Better transition from education to employment

#### **Main measures planned for years 2017-2018:**

*The Chapter does not repeat measures for education which are included in Chapter 5.3.*

Excerpt from the *Country Report – Poland 2017: Despite of the undertaken measures, the quality of education and the care for its international dimension will still remain the key challenge.* (page 37)

#### **Higher education reform - the Act 2.0 (Ministry of Science and Higher Education)**

The Act 2.0 is currently being elaborated and it is to introduce comprehensive systemic- changes in the higher education sector.

Proposed statutory solutions developed by three independent teams, which were selected in an open competition held by the Ministry of Science and Higher Education, are currently in the consultation process.

The reform is oriented towards identifying new solutions with regard to the use of the research and scientific and teaching potential of universities. It is planned i.a. to distinguish three types of universities: research universities (carrying out scientific research of international importance, delivering well-qualified specialists to the science and to the economy, as well as offering high-quality university studies enabling to involve students in scientific projects right from the beginning of their education); research and teaching universities (teaching specialists and carrying out scientific research, which take into account the regional needs in the first place); vocational universities (focused on their teaching activity, involving practitioners in the teaching process, oriented towards the delivery of specialists in deficit areas to the local and regional labour market). The reform will also cover the quality assessment system, public finance and the issues of property held by units in the higher education system. The project will also introduce a new educational model at the university level in order to better adapt the competences of students and PhD students to the needs of the labour market.

#### **Schedule**

- The Council of Ministers will adopt the draft Act 2.0 - **Q4 2017**.
- The Act 2.0 will enter into force - **1 October 2018**.

#### **Financing**

During the preparation of the draft Act, it will be possible to determine its financial effects

#### **Integrated University Programmes (Ministry of Science and Higher Education)**

In 2017, a competition for performing integrated university programmes will be announced in order to support universities in the implementation of comprehensive systemic- changes. The competitions assume three paths to implement projects, depending i.a. on the criterion of the parametric evaluation and on the number of students at a particular university. The integrated university programmes will comprise of the following measures:

- Implementing curricula at a general academic or practice-oriented profile adjusted to the needs of the economy, the labour market and of the society on the basis of analyses and forecasts;
- Improving competences of participants in the educational process at the university level in the areas which are of key importance for the economy and for the national development,

specified on the basis of analyses and forecasts confirming the need to develop certain competences in concrete areas and on the basis of the demand reported by employers;

- Supporting the institutions in rendering high-quality services (i.a. university career offices), which support students in entering the labour market.
- Creating and implementing high-quality:
  - interdisciplinary PhD programmes of a national or international scope;
  - international curricula for PhD studies by basic organisational units of universities in cooperation with other scientific units;
  - curricula for PhD studies, which are of key importance for the economy and the society, supporting national innovativeness and ensuring the possibility to transfer/commercialise results of the PhD studies.
- Carrying out educational programmes in foreign languages, targeted both at Polish students and foreigners.
- Involving foreign lecturers having scientific, professional or artistic achievements in carrying out educational programmes at Polish universities.
- Implementing changes in the teaching management process at universities:
  - university management IT tools: creating a central repository of dissertations, operating the so-called anti-plagiarism programmes, creating open educational resources,
  - tools to make available information and data on the higher education system, i.e. supporting the extension of the scope of information submitted by universities to the higher education information system, implementing finance management supporting systems and IT systems supporting the innovative teaching process.
- Measures to increase teaching competences of the academic staff, personnel of universities in terms of innovative didactic skills, IT skills, including the operation of professional data bases and their use in the teaching process, carrying out the teaching process in foreign languages, and information management.
- Measures to increase managerial competences of the management and administrative staff of universities, including team management, finance management, supporting university structures with regard to the absorption of funds, i.a. from the Horizon 2020 Programme.

#### Schedule

- The *Integrated University Programmes* competition will be announced - **Q2 2017**.

#### Financing

2017			2018		
Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
			29,100	3,816	25,284

#### Creation of the National Agency for Academic Exchange (Ministry of Science and Higher Education)

In order to increase the internationalisation of higher education, the National University Exchange Agency for Academic Exchange (NAWA) will be created to stimulate the development of Poland in the fields of science and higher education through the pro-quality support of academic mobility and of the internationalisation of offers of Polish universities. The activities under the mission of the Agency should significantly contribute to the delivery of development targets, as specified in the *Responsible Development Strategy* adopted by the government - in terms of:

- increasing internationalisation and the opening of Polish universities to innovations, in particular in the context of improving the position of the universities in international rankings;
- creating a legal environment to support the innovativeness and commercialisation of results of scientific research;
- creating conditions to employ foreign scholars with scientific achievements in Poland;
- encouraging students from non-EU countries to enrol in Polish universities.

The Agency will be a public institution responsible for the internationalisation of higher education and science. Competences in this area are dispersed within the current legal system. The creation of the Agency will address demands reported by the academic community for years now to create an institution in Poland, which will align the Polish system of scholarships with the solutions applied and confirmed in many Member States of the European Union and will support universities in adjusting their educational offers to the needs of foreign students. Through a system of mobility programmes and projects for universities, the Agency will ensure a financing mechanism and an institutional framework for the lasting increase in the internationalisation of Polish science and higher education. An important aspect of the activities of the Agency will be also to carry out promotional activities in foreign countries in order to build a strong brand of the Polish higher education system. The above-mentioned institution will be created on the basis of the Act on the National Agency for Academic Exchange.

#### Schedule

- The draft Act on the National Agency for Academic Exchange will be adopted by the Council of Ministers - **Q2 2017**.
- The Agency is planned to start its activity as of **1 October 2017**.

#### Financing

2017			2018		
Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
			129,090	82,790	46,300

Excerpt from the *Country Report – Poland 2017: Vocational education is still adjusted to the needs of the labour market to a limited extent.* (page 29)

#### Vocational education (Ministry of National Education, Ministry of Economic Development)

The provisions of the Act of 14 December 2016 - Education Law, which was published in the Journal of Laws of the Republic of Poland on 11 January 2017, and the provisions introducing the Act - Education Law refer to the changes in the education system consisting not only in the introduction of a new school system, changes in the organisation and functioning of schools and educational institutions, but they are also proposals of new solutions in the vocational education system, strictly related to the labour market.

The aim of the changes in the vocational education system is to develop a dual education system which would address the needs of the economy and be implemented in cooperation with the economic environment of schools.

A priority for the Ministry of National Education in the field of vocational education is to **actively engage employers in the process of education and examination**, including in the creation of core-curricula for specific occupations (in cooperation with schools) with regard to the skills of graduates adjusted to the needs of the local and regional labour markets, to implement the process of practical education for pupils (in cooperation with schools and centres for practical education), to equip schools/centres for practical education with modern technical and teaching facilities, to support schools in terms of personnel and to engage employees of enterprises in the practical education of pupils.

It is also possible to swiftly react to the needs of the labour market in terms of new occupations in cooperation with other ministries thanks to **the operation of the “sector-based contact lines”**, which enables experts from individual ministries to enter into a direct contact with regard to the sector-based education.

Under the cooperation with representatives of employers and schools, the project **Partnership for vocational education 2016-2018** is carried out in order to adjust the vocational education to the needs of the labour market, under which the commonly identified demand for qualifications and occupations will make it possible to adjust the offer to the needs of the labour market, i.e. the classification of occupations in the vocational education and contents of the vocational education, i.e. the core curriculum for individual occupations .

In the current economic structure of the country, it is necessary to introduce a model of education, in which well-equipped **centres for practical education (CPEs)** play an important role, with a strict cooperation with employers or school workshops. In the process of lifelong learning for adults, the CPEs will educate for the labour market to meet the demand of employers in individual sectors.

The structure of vocational education will also change, as it will include **the establishment of a two-stage sector school**. Upon completing the first stage and passing examinations in one qualification, graduates will be awarded a diploma confirming occupational qualifications and will be prepared to start work or continue education in a sector school of the second stage. Upon completing the second stage and passing examinations in another qualification, graduates will be awarded a secondary education diploma in a particular sector and a diploma of a technician. Graduates from the second stage will be able to take a matriculation examination and continue education at a university, if successful. In the proposed structure, there are still the four-year vocational secondary school with a matriculation examination on a basic or extended level and a diploma confirming occupational qualifications and the 5-year vocational secondary school starting from 1 September 2019.

Due to the fact that a very high demand for graduates from vocational schools is not covered despite of the oversupply of graduates from secondary and high schools, who very often change their qualifications directly after graduating from the school, it is necessary to improve the system of **vocational guidance**, under which the Ministry of National Education proposes solutions consisting in:

- introducing classes in vocational guidance as one of the basic forms of the teaching and pedagogical activity of the school,
- taking into account the issue of guidance in the core curriculum at each stage of education.

One of the barriers in adjusting the education to the labour market is the non-existence of a system to educate teachers for vocational education, which caused a generation gap. Therefore, the Ministry of National Education proposes to establish a **“Corps of Specialists”** - highly qualified specialists from enterprises.

Works on the draft Ordinances of the Minister of National Education on the classification of occupations for the vocational education and the core curriculum for the vocational education have currently been finished. On 13 March 2017, the Minister of National Education signed the Ordinance on the classification of occupations for the vocational education (Journal of Laws item 622), which

includes a review of 54 occupations completed in cooperation with social partners at the first stage of the project *Partnership for vocational education*. At the second and third stage of the above-mentioned project, teams of social partners competent for occupations in the vocational education will review further occupations from the classification of occupations for the vocational education and the core curricula for these occupations .

#### Schedule

- *Partnership for vocational education*, including the preparation of draft core curricula for all occupations included in the classification of occupations for the vocational education - **Q4 2017**, and the preparation of exemplary curricula for all occupations included in the classification of occupations for the vocational education - **Q2 2018**.
- New quality of craft examinations, including the preparation of 10,860 examination tasks for vocational examinations - **Q2 2018**.
- Developing banks of tasks for vocational examinations, including the preparation of 51,500 examination tasks for vocational examinations in cooperation with employers - **Q4 2018**.
- Establishing the two-stage sector vocational school - **Q3 2017**, including the sector vocational school of the first stage starting from 1 September 2017 and the sector vocational school of the second stage starting from 1 September 2020.
- Establishing a system of vocational guidance - **starting from 1 September 2017**.
- Establishing the “sector-based line – **starting from Q1 2017**.
- Amending the Ordinance of the Minister of National Education on the classification of occupations for the vocational education - **Q1 2018**.
- Amending the Ordinance of the Minister of National Education on the core curriculum for the vocational education - **Q1 2018**.

#### Financing

Name of measure or part of measure	2017			2018		
	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)	Total effects for the public finance sector (in PLN thousand)	Of which the state budget (in PLN thousand)	Of which the EU funds budget (in PLN thousand)
<i>Partnership for vocational education</i> . Stage 2.	7,807	1,227	6,579	100	16	84
<i>Partnership for vocational education</i> . Stage 3.	10,383	1,632	8,751	8,061	1,267	6,794
Effective educational and vocational advisory for children, youths and adults	2,110	332	1,778	688	108	580
New quality of craft examinations	963	151	812	247	39	208
Developing banks of tasks for vocational examinations	10,492	1,649	8,843	6,419	1,009	5,410



## 6.4 Energy infrastructure

**Content of Recommendation No. 3:** *“Undertaking activities in order to remove barriers for investments in energy infrastructure (...)”*

Excerpt from the *Country Report – Poland 2017: The energy production in Poland is highly dependent on coal, while the infrastructure is becoming obsolete. There is also a risk that the produced energy will not be sufficient against the forecasted increase in the demand.* (page 39)

### **Main measures planned for years 2017-2018:**

#### **Supporting investment processes of energy companies in the context of the “Capacity Market” (Ministry of Energy)**

The draft Act on the capacity market is aimed at creating a market, on which the net available capacity will be a product offered by owners of power plants, warehouses of energy and controlled energy recipients (Demand Side Response-DSRs), who will gain remuneration for the readiness to deliver it, including the obligation to deliver it during periods of tension in the balance of capacity (the so-called periods at risk), i.e. when there is a risk that it may be problematic to cover the peak demand of recipients for power. Due to a significant distortion of the electricity market, it is not able to create stable conditions for the functioning of existing sources of energy and investments into new ones; therefore, the capacity market will create an additional source to cover fixed costs, which are indispensable to ensure the security of energy supplies. The introduction of the capacity market means a change in the architecture of the electricity market from a one product - energy - market into a two product market - energy and capacity. Its main element will consist of main auctions to be organised several years in advance, during which the capacity will be purchased to cover the peak demand of recipients during a particular year, which will allow the capacity market to:

- create conditions for the stable functioning of existing production sources and their modernisation, if these sources are indispensable to ensure the security of supplies,
- ensure clear price signals aimed at coordinating the decision-making process about the construction of new production capacities, as well as the withdrawal of certain production resources from use,
- create conditions for the secure development of renewable energy sources (RES), i.e. without any adverse impact on the security of electricity supplies to end recipients,
- limit the phenomenon of an investment cycle, which reflects in the prices of electricity for end recipients in the one product electricity market, as the decisions about investments and withdrawals will be coordinated by the capacity market,
- create conditions for the development of demand side response (DSR) services and warehouses of energy.

#### **Schedule**

- The Council of Ministers will adopt the draft Act on the capacity market - **Q2 2017**.
- The Act on the capacity market will enter into force - **Q3/Q4 2017**.

#### **Financing**

The introduction of the capacity market will increase incomes of the state from the tax on goods and services, and the detailed estimations are included in the Evaluation of the Effects of Regulations to the Act on the capacity market. Costs of the capacity market will be covered by recipients of electricity, included in the fee added to the invoice for the transfer and distribution of electricity.

## 6.5 Construction and spatial planning

**Content of Recommendation No. 3:** *“Undertaking activities in order to remove barriers for (...) infrastructural investments in the construction sector, as well as to increase the level of coverage of municipal lands with spatial management plans.”*

Excerpt from the *Country Report – Poland 2017: Poor spatial planning increases administrative burdens related to the need to receive construction permits.* (page 43)

### **Main measures planned for years 2017-2018:**

#### **Urban Planning and Construction Code (Ministry of Infrastructure and Construction)**

The Urban Planning and Construction Code is a comprehensive regulation aimed at achieving the three main objectives:

- to restore and consolidate spatial order,
- to improve investment and construction processes,
- to ensure an efficient and timely performance of public-utility investments.

The Code lays down a new normative basis for the system of spatial planning on all administrative levels. It prevents uncontrolled sub-urbanisation and restores the rationality of space management processes. It lays down a strong basis for the efficient performance of investment and construction processes, while providing investors with stable investment conditions. It secures the public interest in the field of public-utility investments, while replacing any and all valid special acts by a uniform path for preparing and carrying out investments. The proposed regulations will improve the spatial planning in order to consequently achieve the rationalisation of public spending for developing and using infrastructure at a later term. The draft Code was submitted to inter-ministerial consultations and to public consultations on 30 September 2016.

#### **Schedule**

- The new version of the Code and of draft acts - provisions introducing the Code, the Act on the profession of an architect and a construction engineer and an urban planner, the Act on the bodies of the investment and construction supervision administration and key implementing acts - **Q3 2017**.
- The legislation process for the above-mentioned acts will be initiated by the Sejm of the Republic of Poland - **Q3/Q4 2017**.

#### **Financing**

Due to the nature of the works, this measure will not entail any financial effects in the period of the National Reform Programme 2017/2018.

## 7. Institutional revision process of the National Reform Programme and stakeholders' involvement

On one hand, the rhythm of the revision process of the National Reform Programme is determined by the schedule of the European Semester; on the other hand, by the rules for developing programme documents. The draft document is subject to inter-ministerial consultations and social consultations; afterwards, it will be considered at the forum of competent Committees of the Council of Ministers and then adopted by the Council of Ministers.

Taking into account both the ensuring of the adequacy of the measures proposed for carrying out under the following revision of the National Reform Programme, as well as the greatest possible approval for them, the government invites a wide group of stakeholders from the economic, scientific community and from the civil society to take part in the works on creating, implementing and monitoring the National Reform Programme. The Polish parliament is also engaged in the revision of the National Reform Programme and in the implementation of the European Semester.

The parliament becomes engaged during key periods of the European Semester, when the EU Council adopts country specific recommendations (CSRs) at the end of the cycle and when the European Commission initiates a new cycle by publishing the Annual Growth Survey (AGS). Published by the European Commission on 18 May 2016, the draft recommendations for Poland were discussed during a common meeting of the EU Affairs Committee, the Public Finance Committee and the Economy and Development Committee of the Sejm of the Republic of Poland on 9 June 2016 (the recommendations were discussed by the Foreign and EU Affairs Committee of the Senate of the Republic of Poland on 6 July 2016). The European context of the CSRs was discussed at the meeting of the EU Affairs Committee of the Sejm on 19 July 2016. The AGS 2017 and the respective position of the government of the Republic of Poland were considered by the EU Affairs Committee of the Sejm of the Republic of Poland on 8 February 2017. On 9 March 2017, there was a joint meeting of the three above-mentioned Committees of the Sejm of the Republic of Poland with the participation of the Vice-President of the European Commission Valdis Dombrovskis, which concerned the *Country Report – Poland 2017* published by the European Commission on 22 February, the AGS 2017 and the Working Plan of the European Commission for 2017. Members of the parliament were interested in learning the opinion of the European Commission i.a. on the need to create a fiscal council in Poland, lowering the retirement age, the reform of the education system, methods to improve the implementation of the CSRs, the current situation in the Eurozone, and its future.

Furthermore, the national parliament was engaged – as every year – in the consultations on the draft National Reform Programme. Information on the draft version of NRP and Convergence Programme was adopted on 21 April 2017 during a joined meeting of the European Union Committee, Public Finance Committee and the Economy and Development Committee of the Sejm of the Republic of Poland.

Operating under the lead of the Minister of Economic Development and Finance, the *Inter-Ministerial Team for Europe 2020 strategy* makes it possible to engage social and economic partners in the revision and implementation of the National Reform Programme. This opinion-making and advisory body to the President of the Council of Ministers brings together not only representatives of the government administration bodies, but also a wide group of representatives of local government, entrepreneurs' organisations, trade unions, economic and agricultural chambers, non-governmental organisations, and scientific and research units.

The responsibilities of the Team comprise of i.a. expressing opinions on draft versions of the National Reform Programme and other documents prepared in relation to the implementation and monitoring of the implementation of the *Europe 2020* strategy in Poland. The Team also participates in the monitoring and evaluation of the implementation of structural reforms mentioned in the NRP and in the preparation of recommendations concerning the increased effectiveness of the

implementation of the *Europe 2020* strategy. The engagement of partners from outside of the government administration in the Team also consolidates their strengthened co-responsibility for the implementation of the *Europe 2020* strategy on the national and local level. Such a wide participation formula makes the Team a space, in which different views on social and economic problems are confronted. This makes it possible to better understand the targets of the *Europe 2020* strategy, implement it more efficiently and monitor it more effectively, as well as to deepen knowledge about the European Semester.

Holding meeting as a rule on a quarterly basis as a minimum, the Team for *Europe 2020* strategy discusses documents and projects emerging at the following stages of the European Semester, starting from the recommendations for the Member States, through the Annual Growth Survey, the *Country Report*, to individual stages for preparing the following revision of the NRP. In particular, the forum of the Team provides social and economic partners with an opportunity to specify problems, which they find important and which, in their opinion, should be reflected in the tasks proposed for implementation in the revised document.

Parallel to expressing opinions on the documents, the Team discusses horizontal topics. During the period from the last revision of the NRP, this referred to the issue of poverty in Poland, in particular the energy poverty. The discussion was based on basic data concerning the scope of poverty in Poland in 2015, which were published by the Central Statistical Office of Poland (GUS), as well as on the presentation concerning the energy poverty prepared by the Institute for Eco-Development. Furthermore, the meetings of the Team were devoted to the objectives and targets of the UN 2030 Agenda.

### **Measures undertaken by members of the Team, excluding the government administration, for achieving the targets of the *Europe 2020* strategy**

The engagement of social and economic partners in the process of the European Semester exceeds beyond the participation in the works by the Team for *Europe 2020* strategy. Organisations represented in the Team undertake autonomous measures, which correspond to the targets of the *Europe 2020* strategy. Exemplary projects and measures are discussed below.

Acting for increasing the personnel potential of the R&D sector, **the Foundation for Polish Science** refreshed its former programme offer in relation to the launch of financial support from the Smart Growth Operational Programme 2014-2020. Continued support is provided for high-end research teams that can be deployed in both research units and companies. Additionally, new programmes for the cooperation of the scientific and business sectors were launched: the TEAM-TECH and TEAM-TECH Core Facility programmes.

The TEAM-TECH programme makes it possible to finance R&D projects, which are related to the emergence of a product or a production process of high importance for the economy. On the other hand, the TEAM-TECH Core Facility programme offers funds for creating and developing research services with the use of the available scientific and research apparatus. Apart from scientific units, applications may be submitted by enterprises and consortia of a scientific unit and a company. Enterprises may also act as economic partners. In 2016, 2 calls for applications under the TEAM-TECH programme and 1 call for applications under the TEAM-TECH Core Facility programme were launched. The competitions attracted a total of 71 applications, out of which 15 applications were approved for co-financing in the total amount of over PLN 25 million. The research will be carried out in cooperation with 12 economic partners. It is planned to organise following competitions two times a year on average by the end of 2019.

**The Federation of Engineering Associations NOT** plans to carry out in cooperation with **the National Chamber of Commerce** a campaign among technicians, entrepreneurs and managers with the aim of mobilising to take an active part in the re-industrialisation process under the slogan *Polish industry of*

*the future*. Its overriding objective is to increase the innovativeness of the Polish economy. The campaign will be launched at the 14<sup>th</sup> Engineering Forum entitled *Re-industrialisation – a challenge facing Polish engineers and entrepreneurs* on 6 June 2017 on the first day of the Fairs Innovations, Technologies, Machines in Poznań. During the second half of 2017, it will be continued through a series of district workshops entitled *Polish industry of the future* in the Houses of Engineers in 8 Polish cities. The campaign is directly addressed to approximately 1,000 persons, who will become spokesmen of re-industrialisation, one to be interpreted as a transfer to new, sustainable models of design and placing innovative products with high added value on the market.

With regard to the priorities of the *Europe 2020* strategy, **the Trade Unions Forum (TUF)** supports above all the comprehensive initiative of the European Trade Union Confederation (ETUC) called *Social Rights First*. Furthermore, the Trade Unions Forum takes part in the performance of the project of the ETUC financed by the European Commission entitled *Industrial Regions and climate change policies: Trade Union's perspectives*. The project was carried out in seven industrial regions of the European Union, including Silesia in Poland. In this area, the actions of the trade unions are aimed at ensuring the so-called "fair transformation" towards a low-carbon economy. In relation to the works on the review of the EU ETS system, the TUF and other European trade unions are for the creation of the Just Transition Fund (JTF) to be financed from 2% of sales revenues from emission rights and to be used for supporting regions, which are marked by a high share of employment in coal-dependent sectors with the value of GDP significantly below the EU average.

Together with social partners in the Social Dialogue Council, **the All-Poland Alliance of Trade Unions (OPZZ)** became engaged in 2016 in the works on implementing the EU directives on public procurement. Although not all of the demands of the social organisations have been accepted by the Government, the amendment of the Act – Public Procurement Law strengthened the share of non-price criteria, social clauses and the obligation to adhere to the labour law in the performance of public orders. Currently, the OPZZ is monitoring practices applied by contracting parties and is working on the recommendations to the new Public Procurement Law. The OPZZ takes part in the campaign of the European Trade Union Confederation (ETUC) entitled Europe Needs a Pay Rise. The campaign is to undertake measures in order to ensure high-quality jobs in the EU, decent working conditions, equality on the labour market and social integration, as well as to strengthen the social dialogue and its role in shaping economic processes in the Member States and to strengthen collective agreements. The OPZZ performs activities to increase the participation of social partners in the implementation of the European Semester, as initiated by the European Commission under the slogan *A New Start for Social Dialogue*, while participating in the project of the ETUC to increase the respective potential of the trade unions.

## Annexes:

### 1. Summary of the implementation of the measures included in the NRP 2016/2017

#### Employment target

##### **Main measures undertaken from April 2016**

In order to prevent the abuse of civil law contracts in the employment and protection of the lowest paid persons, the Act of 22 July 2016 amending the Act on the minimum wage and certain other acts (Journal of Laws item 1265, as amended) introduced a guaranteed minimum amount of remuneration to the former legal system, including for certain civil law contracts. Starting from 1 January 2017, the minimum hourly rate of **PLN 13 per hour** of the performed order or services (including under self-employment) is in force; in the following years, the rate will be indexed according to the increase in the minimum remuneration for work. The Act also introduces changes to the Act of 13 April 2007 on the National Labour Inspectorate (NLI). The tasks of the NLI were extended by exercising control on the payment of remuneration in the amount determined by the minimum hourly rate. On the basis of control findings, the NLI inspectors will be authorised to submit letters (including post-control conclusions and the legal basis) or to issue oral instructions with regard to the payment of remuneration in the amount determined by the minimum hourly rate.

The **Youth Guarantee** were continued under the following components: central competitions, regional competitions, projects of the Voluntary Labour Corps, steady support from district labour offices under the statutory activity, the loan programme *First Business – Support for start*. Under the Knowledge, Education, Development Operational Programme (KED OP), a ranking list of projects approved for co-financing was announced in the central competition on 9 June 2016. Ultimately, 67 projects were selected, out of which 34 projects are ultimately being implemented due to the withdrawal of applicants. The support under competition projects will cover approximately 1,900 persons. There were also calls for projects selected in the competitions announced by the voivodeship labour offices. Out of the competitions planned in 13 out of 16 voivodeships in 2016 (excluding Łódzkie, Małopolskie and Wielkopolskie voivodeships), calls for project participants were conducted in 10 voivodeships and a total of 3.7 thousand persons were recruited. The total value of projects amounted to PLN 230 million.

In accordance with the 2016 Working Plan for Priority Axis I of the KED OP, the Voluntary Labour Corps initiated the performance of following non-competition projects – two projects from the Youth Employment Initiative (YEI) and two projects from the ESF: *Awake your potential. YEI and ESF* and *YEI and ESF activation action*. It is planned that the support under all of the above-mentioned projects performed by the Voluntary Labour Corps will cover 5.2 thousand young people in a particularly difficult situation on the labour market.

Under the activation of unemployed persons and job seekers aged 18-29, 181.7 thousand unemployed persons under the age of 30 benefited from active forms of support during the period from April to December 2016, as foreseen in the Act on employment promotion and labour market institutions. Under the programme *First Business – Support for start*, 220 loans amounting in total to PLN 13.9 million were granted to persons under the age of 29.

In order to support **equal opportunities of women and men on the labour market** in the NGO Initiatives Competition (KIOP), the projects under the open competition *Care is also a job* were completed in 2016. Under **the Rights, Equality and Citizenship Programme**, co-financed by the European Commission, the project *Family and work – this pays off!* was carried out. At the stage *Performing advisory and analyses in companies* – the instruments of work-life balance were analysed in 35 companies and advisory services were organised in the form of trainings, workshops and group

advisory on the existing legal solutions. For each of the companies, individual recommendations were prepared with regard to potential mechanisms to reconcile both roles. At the stage *Developing an online platform for employers and employees*, a concept and contents of the online platform were prepared to include comprehensive contents on the issues related to the work-life balance.

Under the competition *Implementing a tool to support gender equality in the economic decision-making process in medium-sized enterprises*, 1 project was selected for co-financing in 2016. The aim of the competition is to adjust the tool worked out under the project *Equality in business* to support enterprises in the promotion of gender equality on managerial positions in large companies and in the increase participation of women in the economic decision-making process to the specific nature of medium-sized enterprises (with from 50 to 249 employees) and to test it in 40 enterprises and to implement it in 360 enterprises.

With regard to *supporting the employment of persons with disabilities*, concept works were carried out to prepare an amendment to the Act on the occupational and social rehabilitation and on the employment of persons with disabilities.

Under the *Toddler* programme to develop *care institutions for children under the age of 3*, a total of approximately 41 thousand institutions were qualified for co-financing from the state budget in 2016, out of which 5.6 thousand applications referred to the creation of new care facilities for small children and 35.3 thousand applications referred to the co-financing for the operation of already existing or newly established facilities (data according to the competition data). In 2016, the total amount of PLN 151 million was allocated to the *Toddler* Programme.

It was continued to implement solutions to *systematically increase the accessibility of kindergarten education*. Starting from 1 September 2016, all children aged 6 and all children aged 4 and 5, whose parents want them to go to the kindergarten, have a secured place in such an institution. Starting from 1 January 2017, the subsidy is allocated for each child aged 3-5, while the subsidy for own municipal tasks is allocated for each child aged 6 in the kindergarten. In this way, the amount of funds allocated to gminas/ local authorities for carrying out their own task related to the kindergarten education is increased. From the data of the System of Information on Education results that the number of kindergartens increased by over 800 during the last two years.

With regard to *improving the professional mobility of persons related to agriculture*, measures of the RDP 2014-2020 were carried out to introduce structural changes in agriculture and diversify incomes of residents in the rural areas. Under these activities in 2016: the Ordinance of the Minister of Agriculture and Rural Development on the detailed conditions and mode for granting, paying out and returning financial aid for operations of the type *Bonuses for starting non-agricultural activity*, the Ordinance on the detailed conditions and mode for granting, paying out and returning financial aid under the Sub-Measure *Payments to farmers qualifying for the system for small agricultural holdings, who permanently transferred their agricultural holding to a different farmer* were issued. In 2016, financial aid was approved for 420 beneficiaries. Due to a low interest, the budget for the measure was decreased by EUR 100 million. The measures for the occupational mobility of residents in rural areas (including those leaving agriculture) were also financed from the Cohesion Policy, in particular under the OP KED and the ROP. In 2016, the support under the KED OP and the RPO in the field of professional activation or outplacement covered over 128 thousand persons from the rural areas, including over 90 thousand women.

With regard to *limiting illegal employment through the liquidation of the so-called first working day syndrome*, the Act amending the Act – the Labour Code was adopted, which introduces the obligation to confirm in writing basic arrangements related to concluding an employment contract before allowing an employee to start work.



## R&D expenditures target

### Main measures undertaken from April 2016

The provisions of the Act amending certain acts laying down conditions for carrying out innovative activity (the so-called First Innovativeness Act) entered into force as of 1 January 2017, which implemented changes for entrepreneurs carrying out research and development activity. The *White Paper on Innovation* was developed and identified legislative and organisational solutions and medium- and long-term activities, which are aimed at increasing the innovativeness of the Polish economy. The so-called Second Innovativeness Act was also being worked on, while taking the *White Paper on Innovation* as a starting point.

The implementation of the *Start in Poland* Programme was initiated in order to create favourable conditions for the activity of start-ups at each stage of their development, starting from the stage of incubation and acceleration, through the stage of development and international expansion, to the incentives for foreign entrepreneurs to set up start-ups and develop their activity in Poland. The first component of the programme entitled *Scale-Up* was announced in 2016. Ultimately, 10 accelerators, which started their operational and promotional activity in December 2016, were invited to the programme. The co-financing contract was signed between the Ministry of Economic Development and Bank Gospodarstwa Krajowego (BGK) with regard to the following financial instruments: *StarterBusiness KOFFI* and *Open Innovations*. The Polish Development Fund announced a competition under the *Starter* measure. The activation of following instruments of the Polish Development Fund was also being worked on.

Under the Innovative Economy Operational Programme, the implementation of the instrument called the *Guarantee Fund for the Development of Innovativeness among SMEs* was initiated in order to support the development of innovative SMEs with the use of repayable instruments. The planned benefits for the SMEs comprise of: increasing the accessibility of commercial credits for innovative activity, greater accessibility in comparison with subsidies and a fast decision-making path, or the lack of commission fees and granting credits covered by guarantees for 60% of the capital value. In 2016, Bank Gospodarstwa Krajowego (BGK) cooperated with 10 credit banks. As of the end of Q4 2016, 289 guarantees from the Guarantee Fund under the IE OP were granted in the total amount of PLN 156.605 million, while as of 31 January 2017 (the closing date of the project) - in the total amount of PLN 247.569 million. *The financial support for developing research and development and innovative activities of enterprises was continued.* During Q2 2016, the second round of calls was launched under the Loan Fund for Supporting Innovativeness. The call attracted 97 applications in the total amount of PLN 146.3 million. Forty-one applications amounting to PLN 59.5 million were approved for substantive evaluation by the Investment Committee. During the period of its activity, the Fund paid out PLN 84.8 million.

Under the Smart Growth Operational Programme, preparations are ongoing for creating the Innovative Support Fund for Innovative Enterprises. The financing contract was signed by Bank Gospodarstwa Krajowego (BGK) and the Ministry of Economic Development on 19 November 2016, while it is planned that the financial instrument will be launched at the beginning of Q2 2017.

In May 2016, the second call under Sub-Measure 2.3.2 of the SG OP *Vouchers for Innovations* was announced for SMEs and was divided into 4 two-month stages. The last call was completed on 31 January 2017. In the Application Generator, a total of 618 applications for co-financing were submitted in the total amount of PLN 147.3 million. Under Sub-Measure 2.3.2 of the SG OP, 142 co-financing contracts have been concluded under the 1<sup>st</sup> competition of 2015 and during the two first stages of the 2<sup>nd</sup> competition of 2016. *The process of accrediting institutions of the business environment rendering pro-innovative services was continued.* During the period from April until December 2016, **30** Centres of Innovativeness were accredited.



Under the implementation of programmes supporting the implementation of innovative environmental technologies, [the Falcon Programme](#) was carried out. The call for applications to the Programme was prolonged until 31 March 2017. Fourteen applications were submitted by the end of December. During the reporting period, the Programme was revised by extending the scope of co-financing by the research and development (R&D) area and by extending the support onto projects corresponding to the National Smart Specialisation No. 9 *Environmentally friendly transport solutions*.

In October 2016, [the 2<sup>nd</sup> round of the Competition for the Status of the National Key Cluster was completed](#). Nine National Key Clusters were selected. During Q4 2016, the call for application in the first competition under the Sub-measure 2.3.3 of the SG OP *Internationalisation of Key Clusters* was ongoing. The call attracted 13 applications for co-financing (out of 16 entities having the status of the National Key Cluster) in the total amount of PLN 39 million, while the allocation for the call amounted to PLN 61 million.

[Scientific and research programmes and programmes supporting the cooperation between science and industry were carried out](#): The first competition under the *TECHMATSTRATEG* Programme, the third competition under the *BIOSTRATEG* Programme, the seventh and eight competitions under the *LIDER* Programme, the third competition under the *CuBR* Programme, the second and third competitions under the *DEMONSTRATOR* Programme, and the first *E-Pionier* competition under the Operational Programme Digital Poland.

The Council of the National Centre for Research and Development continued [the performance of competitions under the following sector-based programmes](#): INNOMED (industrial research and development works and preparatory measures to implement in innovative medicine), INNOCHEM (research and development works for the chemical industry), INNOTEXTILE (for the textile industry), InnoSBZ (unmanned systems), INNOSTAL (steel industry), and GameINN (production of video games).

Under the support for projects in the areas and technologies having the greatest development potential, [the Monitoring and Evaluation System of the National Smart Specialisations](#) was launched during Q1 2016, which covers i.a. the analysis of the activity of entrepreneurs with regard to the submitted projects under the National Smart Specialisations of the SG OP 2014-2020. In December 2016, meetings with representatives of 16 regions were completed in order to work out a model of cooperation under the Programme of Entrepreneurial Discovery and the monitoring of smart specialisations.

The Patent Office of the Republic of Poland developed a concept of training sessions on the protection of intellectual property for youths and entrepreneurs entitled [From an idea to its commercialisation](#). With regard to those training sessions in October 2016, the Patent Office of the Republic of Poland organised free seminars on intellectual property management.

[The Ordinance of the Council of Ministers amending the Ordinance on the fees related to the protection of inventions, utility models, industrial designs, trademarks, geographical indications and topographies of semiconductor products](#) entered into force on 13 October 2016. The proposed changes are aimed at increasing the accessibility of the protection system for trademarks and industrial designs, thus contributing to increasing the competitiveness and stimulating innovation.

## **Climate change and sustainable energy use targets**

### **Main measures undertaken from April 2016**

Under [the Polish Investments Programme](#), infrastructural investments in Poland, including in the production and distribution of energy, are co-financed through Bank Gospodarstwa Krajowego (BGK) and a special-purpose vehicle Polskie Inwestycje Rozwojowe S.A. The following projects were carried out during 2016: the construction of the gas-fuelled heat power plant with the capacity of 390 MWt

and 90-110 MWe in Toruń in cooperation with EDF Polska S.A.; the project of Miejskie Przedsiębiorstwo Energetyki Ciepłej w Olsztynie Sp. z o.o. related to the construction of the thermal processing installation for processed communal waste and to the modernisation of the existing coal heating plant in Kortowo; the project of installations to produce propylene with the use of the propane dehydrogenation technology, the construction of the gas-fuelled power plant with the capacity of 400 MW in Puławy.

Under the all-Poland system of advisory support for the public and housing sectors and enterprises in the field of energy efficiency and renewable energy sources, further trainings for energy advisers were carried out, advisory services were rendered, if necessary - in particular the advisory services covering the verification and implementation of low-carbon economy plans and the monitoring of their implementation, the construction of the IT Platform was ongoing, which will enable to exchange experiences in many dimensions.

On 28 June 2016, the Management of the Ministry of Energy approved the Framework Human Resources Development Plan for Nuclear Power. Furthermore, works were carried out to prepare concept objectives for the programme for supporting Polish enterprises in the preparation for the participation in the construction of nuclear power facilities.

The Act on energy efficiency entered into force on 1 October 2016. The overriding objective of the new regulation is to create a legal framework for activities aimed at increasing energy efficiency in the economy, including the support mechanism and those leading to energy savings by 2020.

The Ordinance No. 123 of the President of the Council of Ministers of 18 October 2016 on the Steering Committee for the National Air Protection Programme (*Monitor Polski*, item 994) entered into force on 21 October 2016, while the Committee was officially appointed on 27 October 2016. Its objective is above all to coordinate the implementation of joint measures for improving the air quality on the national level, as well as to monitor the advancement of the measures under the National Air Protection Programme.

Measures were implemented to support energy efficiency in the construction sector. In 2016, 2.5 thousand bonuses in the total amount of PLN 152.3 million were granted from the Fund for Thermo-Modernisation and Repairs, including nearly 1.6 thousand thermo-modernisation bonuses in the total amount of PLN 88.3 million and 687 repair bonuses in the total amount of PLN 29.2 million. The granted bonuses refer to projects with the total value of PLN 903 million. Furthermore, the second call for applications to the LEMUR Priority Programme resulted in the conclusion of 5 co-financing contracts from the funds of the National Fund for Environmental Protection and Water Management; under Sub-Measure 1.3.1 Supporting energy efficiency in public-utility buildings, 18 contracts were concluded in the competition mode and 1 contract was concluded in the non-competition mode by the end of 2016 (for the performance of the project *Comprehensive energy modernisation of selected state facilities for art education in Poland*), with the total amount of the EU co-financing of PLN 421 million; under Sub-Measure 1.3.2 Supporting energy efficiency in housing building, 39 applications were submitted under the call, with the total amount of the EU co-financing of PLN 229 million.

Additionally, the amendment of the Act on renewable energy sources (RES) of 22 June 2016 introduced necessary definition changes, preferential settlement principles for producers of energy from renewable sources in micro-installations in the form of discounts and a series of pro-consumer regulations, as well as introduced the *sui generis* terms of autonomous energy regions (clusters, energy cooperatives) and of increasing the capacity to use RESs by Local Government Units), specified more in detail the principles for settling public aid in relation to the participation in the RES support system, introduced and specified more in detail the provisions on auction buckets in the new RES support system.

The support granted under the Priority Programme of the National Fund for Environmental Protection and Water Management: Rational waste management was continued. During the

reporting period, 10 Voivodeship Waste Management Plans were approved, while 6 further draft Voivodeship Waste Management Plan and investment plans were subject to consultations (data as of 28 February 2017). In December 2016, the call for applications under the Programme was finished. Under the performed call, important projects are those which are financed from the National Fund for Environmental Protection and Water Management for the first time and which are for developing the technical infrastructure of logistics processes related to gaining, storing and distributing unsold or unused food products, which prevents the creation of food waste.

Energy investments under the Infrastructure and Environment Operational Programme were continued. By 31 December 2016, 5 co-financing contracts were signed for projects included in the Schedule of Identified Projects (SIP). Measures with regard to the evaluation, signature of co-financing contracts and to the performance of projects from the Schedule of Identified Projects were continued. By 31 December 2016, the revision of the document *List of Strategic Projects* was completed. As a result of the revision, 223 projects were subject to evaluation. Upon completing the process, 31 new projects were added to and 8 projects were revised in the document.

## Educational targets

### **Main measures undertaken from April 2016**

On 15 July 2016, the portal of the Integrated Qualifications System (IQS) and the Integrated Register of Qualifications were launched and information on full qualifications from the system of education and higher education have been provided there. Starting from this date, it is possible to submit applications by means of the register to competent ministers to include market qualifications to the Integrated Qualifications System. By the end of February 2017, 8 applications for adding such qualifications to the Integrated Qualifications System were submitted. The functioning of the Integrated Qualifications System requires all interested parties to cooperate with each other, i.e. ministries, employers, training and certifying institutions. Therefore, the Minister of National Education acts as a coordinator of the implementation of the Integrated Qualifications System, as well as a chairs of the Life-Long Learning Team and the Integrated Qualifications System Team. Starting from 13 July 2016, the Council of Stakeholders, founded by Ordinance of the Minister of National Education, is working.

In order to improve the quality of higher education and increase the significance of its practical components, measures related to working out models and supporting modernisation processes of the higher education system were continued: the first competition in the Programme *Are you studying? Practice*, the competition for the *International Curricula*, the first and second competition in the Competences Development Programme, the competition for *New Study Programmes*, the competition for *Improving Competences of Teaching Staff*, the competition for *Interdisciplinary Curricula for PhD Studies*, non-competition projects *Programme of Internships at the State Vocational University* and *Education at PhD Studies: Developing Curricula for PhD Studies at different profiles*.

Under the support for the cooperation between schools and employers, for the purposes of the project *Partnership for vocational education. Stage 1. Forum of Social Partners*, 25 sector-based groups were created to bring together social and economic partners, whose task was to i.a. forecast the demand for occupations and qualifications of the vocational education and review the classifications of occupations of the vocational education and core curricula for the vocational education in order to prepare recommendations as to which changes should be made to the occupations of the vocational education. During the reporting period, recommendations concerning 54 occupations of the vocational education were prepared. On the basis of these recommendations, 55 draft modernised core curricula for the vocational education were developed in November 2016.

During Q4 2016, the Polish Agency for Enterprise Development signed co-financing contracts for projects aimed at creating and operating 6 pilot [Sector Council for Competences](#) (financial sector, IT, tourism, fashion and innovative textiles, medical care and social care, and construction).

## **Fighting poverty and social exclusion target**

### **Main measures undertaken from April 2016**

On the basis of the Act on the state aid for upbringing children, which was adopted on 11 February 2016, the so-called [Family 500+ Programme](#) was launched as of 1 April 2016. During the period from 1 April until 28 February 2017, PLN 21 billion was allocated for implementing the Act on the state aid for upbringing children. Child benefits in the monthly average amount of PLN 500 were approved for 3,828 thousand children brought up in 2,574 thousand families.

The Act amending the Act on the promotion of employment and on the labour market institutions and amending the Act on pre-pension benefits entered into force as of 1 January 2017. The amendment introduced the possibility for carers of persons with disabilities to acquire the right to unemployment benefit and pre-pension benefits, if they lost the right to nursing benefit, special nursing benefit or benefit for carers with the death of their patient.

As far as the support for [the development of the social economy sector](#) is concerned, under the project *Implementation of Loan and Guarantee Instrument under the National Fund of Social Entrepreneurship*, the selection procedure of financial intermediaries was completed and they will be responsible for granting loans to entities of the social economy. The maximum amount of the loan, the entities of the social economy may apply, amounts up to PLN 100 thousand (loan for start) - for entities operating not longer than 12 months, and up to PLN 500 thousand - for entities operating longer than 12 months.

In the area related to [supporting the activity of non-governmental organisations](#), the competition under Priority 2 Active Society of the Fund of Civic Initiatives 2014-2020 was carried out. Under Priority 2, nearly 3,900 tenders were submitted to the competition of the Fund of Civic Initiatives 2016. The co-financing was approved for 314 tenders.

The projects aimed at providing Local Government Units with financial support for the creation and operation of [Senior-WIGOR Daily Care Facilities](#) and the projects under the 2016 edition of the [Government Programme for Social Activity of Senior Citizens](#) were continued. Under the performance of the projects aimed at providing Local Government Units with financial support for the creation and operation of [Senior-WIGOR Daily Care Facilities](#), 148 tenders were submitted and 146 tenders were approved for co-financing. In the 2016 edition of the [Government Programme for Social Activity of Senior Citizens](#), 2,244 tenders were submitted and 433 tenders were approved for co-financing.

[Under the activities related to health protection, aimed at improving the health and welfare of citizens](#), the Ordinance of the Council of Ministers on the National Health Programme for years 2016-2020 was issued on 4 August 2016. The objective of the Programme is to increase the healthy lifespan of citizens, improve health and the related quality of life of the population, as well as to decrease social disparities in health. Furthermore, measures in this area included: the performance of 53 projects in relation to supporting the de-institutionalisation of the care of dependent persons was initiated, works on the first stage of the implementation of the project aimed at preparing, testing and implementing the organisation of coordinated care to the health care system; in the competition concerning development programmes for medical universities, 12 projects submitted by medical universities were selected for co-financing; under the pro-quality measures, the following projects were carried out: *Supporting hospitals in the implementation of care quality and security standards* and *Supporting entities of the basic health care in the implementation of care quality and*

*security standards*; under the projects related to post-gradual education of nurses and midwives, 27 projects were initiated; the performance of specialist courses was initiated under the project related to specialist education of medical practitioners in the fields being of importance in terms of the epidemiological and demographical needs of the country.

## **Measures addressing the main economic and social challenges specified in the *Country Report - Poland 2016***

### **Main measures undertaken from April 2016**

The measures aimed at [improving the conditions for business](#) involved the submission for consultations of the Act - Entrepreneurs' Law, a part of the Business Constitution package, and three acts necessary for its implementation, i.e. the Act on the Joint Committee of the Government and Entrepreneurs and on the Commissioner for Entrepreneurs, the Act on the Central Register and Information on Economic Activity and on the Information Point for Entrepreneurs, and the Act on the rules of participation for foreign entrepreneurs and other foreign persons in trade. The Entrepreneurs' Law will be a central legal act to lay down conditions for carrying out business activity in Poland. It will replace the Act of 2004 on the freedom of economic activity.

On the other hand, in the area related to [improving the functioning of the public administration](#), the Act amending the Act - Public Procurement Law entered into force on 28 July 2016. The changes introduced by the Act refer to i.a. simplifying procedures for granting public orders and making them more flexible, which will bring benefits both to contracting parties and contractors, in particular small and medium-sized entrepreneurs.

Measures (projects) related to the computerisation of public services were also continued, in particular under: the *Programme of Integrated Computerisation of the State*, the *Programme From paper-based to digital Poland*, and Priority Axis II of the Operational Programme Digital Poland (*E-administration and open government*).

On 16 November 2016, [the Act on the National Revenue Administration](#) was adopted and entered into force on 1 March 2017. The implementation of the National Fiscal Administration, which emerged from the merger of the Customs Service, the tax administration and of the fiscal control administration, is aimed at:

- 1) significantly limiting the scale of tax frauds,
- 2) increasing the effectiveness of the collection of tax and customs receivables,
- 3) increasing incomes through the closing of the tax gap,
- 4) increasing the voluntary fulfilment of tax obligations.

The effectiveness of the functioning of the fiscal administration will be increased by introducing the institution of customs and fiscal control, i.e. a new type of control to be carried out by chiefs of customs and tax offices. The control is the so-called hard control and its main objective is to detect and prevent large-scale irregularities, frauds, swindles and other crimes causing a significant detriment to the public finance and thus having a significant impact on the financial security system of the state. The customs and fiscal control will cover i.a. the activities of organised criminal groups, tax carousels, which result in the intents to receive back VAT under false pretences/ Chiefs of customs and fiscal offices may carry out customs and fiscal control in the whole territory of the Republic of Poland, while in specific situations they are authorised to perform operational and exploratory operations.

Under the existing [Investment Forum](#), the Council of Experts was appointed on 8 December 2016 in order to undertake measures aimed at optimising the process of carrying out railway investments. Its activities will be oriented towards making more flexible procurement and administrative procedures in order to perform railway projects more efficiently.

In accordance with the Ordinance of the Council of Ministers of 9 August 2016, [the Labour Law Codification Committee was appointed](#). During the period of 18 months from its appointment by the President of the Council of Ministers, i.e. 15 September 2016, the Committee is obliged to prepare i.a. a draft Labour Code.

On 1 October 2016, [the Act amending the Act - Law on Higher Education and certain other acts](#) entered into force. With regard to the quality assessment system carried out by the Polish Accreditation Committee, the Act abolishes the institutional assessment. The Polish Accreditation Committee will perform exclusively programme assessment, i.e. assessment of the education in individual fields of studies. The provisions being a statutory delegation to specify basic criteria and the scope of institutional evaluation by the Polish Accreditation Committee are repealed. The above-mentioned measures are to result in the reduction of bureaucracy in the external evaluation of the education quality and in the tasks of universities related to the National Qualifications Framework for Higher Education. Furthermore, the following projects and programmes were carried out: The Programme of Internships at the State Vocational Universities, the Education at PhD Studies: *Developing Curricula for PhD Studies with different profiles, Foreign accreditations, The best from the best!*.

On May 24, 2016, resolution No. 57/2016 of the Council of Ministers adopted [the Multiannual Program "Construction of the waterway connecting the Vistula Lagoon and the Gulf of Gdańsk"](#) for the years 2016 – 2022".

The main objective of the investment is to ensure the security and safety of the state and the region and to enable socio-economic growth by establishing a waterway ensuring free and year-round access to Port of Elbląg being a maritime port of the European Union. The investment will be carried out on the land area of the Vistula Spit and on the waters of the Vistula Lagoon and the Elbląg River, within the internal waters of the Republic of Poland. According to the adopted Program 880 million PLN is guaranteed by the state budget.

On 21 February 2017, the contract for development of project documentation with project architect's supervision for the "Construction of the waterway connecting the Vistula Lagoon and the Gulf of Gdańsk" was signed in the Maritime Office In Gdynia. Additional environmental studies will be carried out, including supplementary inventories, bathymetric surveys, preparation of geological and engineering documentation, bottom sediment studies etc. Based on the results of the research, the "Implementation Concept" and Information Card of the Project will be created, which will enable the Regional Directorate of Environmental Protection to launch the environmental procedure. The final decision of investment localization will be made in the course of environmental proceedings. For the most environmentally-friendly variant, an executive and building design will be developed.

The construction of the navigation canal shall commence in 2018/2019 and is expected to be finished by 2022.



## 2. The current implementation of the CSR 2016

Table: Description of the measures undertaken during the period from June 2016 until April 2017 and qualitative information on their impact

		Information on the planned and already undertaken measures					Expected impact	
CSR	CSR sub-category	Measure No.	Description of the main measures directly related to the CSR		Targets of the Europe 2020 strategy	Challenges/Risks	Impact on the budget	Qualitative evaluation
			Main objectives of the implemented measures and their significance for the CSR	Description of the undertaken measures (IV 2016 - IV 2017)	Evaluation of the impact on the targets of the Europe 2020 strategy	Challenges/Risks related to the undertaken measures	General and yearly changes in incomes/expenditure of the state (in PLN million) Share of the EU funds (source and value)	Qualitative description of the expected effects of the undertaken measures and their dates
CSR 2	a) Ensure the sustainability and adequacy of the pension system	1	Ensuring the adequacy of benefits	By the Act of 2 December 2016 amending the Act on pensions and disability allowances from the Social Security Fund and certain other funds, the indexation mechanism was introduced to the social security system for farmers, as it is in the system for employees. The lowest benefits for persons with many years of professional experience will be established in the same amount of PLN 1,000 in both systems. Starting from 1 March 2017, the lowest pension benefit, the lowest disability allowance for full incapacity to work and the lowest family allowance will amount to PLN 1,000, while the lowest disability allowance for partial incapacity to work will amount to PLN 750 and the lowest social allowance will amount to PLN 840. The benefit rise will cover approximately 1.43 million pensioners and pensioners with disabilities, including: 800 thousand from the Social Security Fund, 350 thousand from the Agricultural Social Insurance Fund, and 285 thousand persons receiving social allowances.	The instrument limits the risk of income poverty for persons.	No.	The change related to the lowest benefits will cost PLN 1 billion in 2017.	In the former system, the increase in the lowest pension benefit under the system for employees triggered an increase in all benefits from the social insurance for farmers, including those significantly exceeding the lowest pension benefit.

CSR 2	b) Increase participation in the labour market by starting to reform the preferential pension arrangements	1	Not applicable	<p>No works were carried out for abandoning individual pension and disability allowance system for selected professional groups.</p> <p>Under the KED OP and the ROP, measures were carried out to extend the range of opportunities to take up employment in the non-agricultural labour market. The operational programmes involve a list of measures related to the active policy of the labour market, as specified in the Act on employment promotion and labour market institutions.</p> <p>Furthermore, the ROP involves the outplacement support for persons leaving agriculture, owning an agricultural holding with the surface exceeding 2 conversion ha or members of their families insured in the Agricultural Social Insurance Fund, which is oriented towards taking up employment outside of agriculture (i.e. moving from the social insurance system for farmers to the general social insurance system).</p>	Increasing employment in the non-agricultural labour market	<p>The linking of the increased participation of persons related to agriculture in the labour market with the reform of the Agricultural Social Insurance Fund provides a too narrow view on this issue. Despite of upholding the main principles of participation in the Agricultural Social Insurance Fund, the number of persons employed in agriculture has decreased by 8.9% during Q4 2016 (1,664 thousand), if compared with Q4 2015.<sup>16</sup></p> <p>The main challenge in terms of increasing the professional mobility of persons related to agriculture is to:</p> <ul style="list-style-type: none"> <li>- develop competences and skills in demand on the non-agricultural labour market,</li> <li>- develop entrepreneurship in the rural areas,</li> <li>- improve the territorial accessibility of the non-agricultural labour market for residents of the rural areas (the possibility to commute to work on a daily basis, care for dependent persons, etc.).</li> </ul>	As estimated by the Ministry of Economic Development, it is planned to allocate approximately EUR 1.2 billion from the ESF to the support for persons from the rural areas is related to the professional activation and to the outplacement oriented towards taking up employment or starting a non-agricultural economic activity in the years 2014-2020.	In 2016, the support under the KED OP and the RPO in the field of professional activation or outplacement covered over 128 thousand persons from rural areas, including over 90 thousand women.
CSR 2	c) Removing obstacles to barriers more permanent types of employment	1	Preventing the abuse of civil law contracts and protecting the lowest paid persons	By the Act of 22 July 2016 amending the Act on the minimum wage and certain other acts (Journal of Laws item 1265, as amended), the provisions on the guaranteed minimum hourly rate were introduced to the legal system, including for certain civil law contracts. The obligation to guarantee a minimum hourly rate entered into force as of 1 January 2017.	The instrument limits the risk of income poverty and will have an impact on increasing the quality of employment.	Expansion of the so-called shadow economy. The measure may increase labour costs for part of persons performing work under civil law contracts, in particular in the sectors of construction, retail, catering, management and ancillary services.	No figurative data are available to estimate financial effects of the measure.	The instrument limits unfair cost competition between entrepreneurs by eliminating a situation, in which a person performing work under a civil law contract receives a lower remuneration than the minimum remuneration for work under the employment relationship.

<sup>16</sup>Report on the social and economic situation of the country in January 2017, Central Statistical Office of Poland (GUS).



CSR 2	c) Removing obstacles to more permanent types of employment	2	Increasing the working standards and employment conditions for temporary employees	The Council of Ministers adopted the draft Act amending the Act on the employment of temporary employees and certain other acts. The project involves i.a. the establishment of the maximum period for temporary employees to perform temporary work for a particular employer user irrespective of whether they are directed to work by one or several agencies, the introduction of greater protection for pregnant female temporary employees, the introduction of greater protection for persons performing temporary work under a civil law contract.	The instrument will have an impact on the improved quality of employment.	It cannot be excluded that the proposed changes concerning pregnant women will adversely influence the tendency of temporary work agencies to employ women as temporary employees, as well as of the general group of employers to employ women under replacement contracts.	During 10 years from the entry into force of the Act, the effect for the public finance sector (the state budget, the Social Security Fund, the National Health Fund, the Labour Fund, the Guaranteed Employment Benefit Fund, Local Government Units) will involve approximately PLN 69 million revenues and PLN 259 million expenditures.	The instrument will also improve the legal security of employers using services of temporary work agencies.
CSR 2	d) Improving the labour market-relevance of education and training	1	Engaging employers in the process of vocational education and encouraging them to cooperate with schools at each stage of education	The Project of the KED OP <i>Partnership for vocational education Stage 1: Forum of Social Partners</i> , carried out by the Centre for Education Development (a unit subordinated to the Minister of National Education). One of the key objectives of the Project is to engage employers in the preparation of the education offer, curricula and in the examination process confirming vocational qualifications. The Project consists also of developing paths of vocational development to indicate i.a. the opportunities existing on the labour market and the conditions for acquiring additional vocational permissions.	The measure will have an impact on the increased employment and its quality.		PLN 3.8 million (project from the EFS under the OP KED), data for 2016.	Identifying qualification and vocational needs on the labour market in individual industries/professions and performing a review of the classification of professions and core curricula for the education in these professions.

CSR 2	d) Improving the labour market-relevance of education and training	2	Improving the quality and attractiveness of the vocational education	On 14 December 2016, the Sejm of the Republic of Poland passed the Act - Education Law. The most important changes under the above-mentioned Act will enter into force as of 1 September 2017 and refer to the school system. Within the new education system, the vocational education will operate three-year sector schools of the first stage (BS1), two-year sector schools of the second stage (BS2) and five-year vocational secondary schools. As required by the Act, the newly created centres for vocational education and life-long learning (CPEs) will consist of centres for practical education.	The measure will have an impact on the improved quality of the education system.	Efficiency of poviats in the creation of BS1 and BS2 and CPEs.	The planned financial effects for the public finance sector in relation to the implementation of the Act - the Education Law and of the introductory provisions will amount to approximately PLN 509 million in 2017, including PLN 130.1 million from the state budget and approximately PLN 379 million from the budget of Local Government Units . It is estimated that the total expenditure will amount to approximately PLN 422 million in 2018, out of which approximately PLN 431 million will be incurred by units of Local Government Units . The expenditure from the state budget will be reduced by PLN 8.6 million.	Access to different paths enabling to improve vocational qualifications and education.
CSR 2	d) Improving the labour market-relevance of education and training	3	Better preparing pupils to take educational and vocational decisions, choose their paths of education and plan their educational and professional future	The non-competition project "Effective educational and vocational advisory for children, youths and adults", carried out by the Centre for Education Development under the KED OP. The measures undertaken in the project involve the creation of a framework for the effective functioning of the educational and vocational advisory in the education system through the preparation of framework programmes and organisational solutions.	The measure will have an impact on the increased employment and its quality.		PLN 0.5 million (project from the EFS under the KED OP), data for 2016.	Working out recommendations on the directions of changes in the advisory system, pre-orientation and professional orientation programmes and framework programmes of educational and vocational advisory, which are tested in 26 randomly selected schools.
CSR 2	d) Improving the labour market-relevance of education and training	4	Developing competences of students, making universities more flexible in the preparation of curricula and tightening the cooperation between employers and universities	The non-competitive project under the KED OP called <i>Programme of Internships at the State Vocational Universities</i> . The project involves the participation of not more than 7,000 students who will take part in the programme of extended 6-month vocational apprenticeships and will improve their competences under the universities' activities financed from the European Social Fund.	The measure will have an impact on the increased employment and its quality.	Effectiveness of the implementation of the practice-oriented profile by universities.	Approximately PLN 20 thousand was expensed from the state budget. Funds from the ESF PLN 105 thousand.	The preliminary programme of vocational internships was developed. Twenty-seven public and non-public vocational universities were selected, which carry out vocational internships in practical fields of studies.

CSR 2	d) Improving the labour market-relevance of education and training	5	Increasing the quality of human capital in Poland (by increasing the number of students and the quality of education) and better matching the demand and supply on the labour market	Implementing the Integrated Qualifications System (IQS) in accordance with the Act of 22 December 2015 (Journal of Laws. of 2016, item 64, as amended). As specified in the Act, all implementing acts were issued referring to i.a. the assignment of levels of the Polish Qualifications Framework to the qualifications, the functioning of external quality assurance bodies, the specific nature of the Polish Qualifications Framework of the second grade. Starting from 15 July 2016, the Integrated Register of Qualifications is in force, i.e. a tool for i.a. submitting applications for adding market qualifications to the Integrated Qualifications System. The works related to the implementation of the Integrated Qualifications System are carried out with the participation of social partners represented in the Council of Stakeholders of the Integrated Qualifications System, which was appointed in July 2016.	The measure will have an impact on the increased employment and its quality.		2 projects from the ESF under the KED OP, data for 2016 - PLN 7.16 million in total (including PLN 6.03 million from the ESF and PLN 1.13 million from the state budget).	Facilitating citizens to present their qualifications and their acquisition. Facilitating employers to evaluate the quality of qualifications.
CSR 2	d) Improving the labour market-relevance of education and training	6	Decreasing bureaucratic burdens for the sectors of education and higher education	On 1 October 2016, the Act of 23 June 2016 amending the Act - Law on Higher Education and certain other acts entered into force and changed i.a. the principles for establishing basic criteria and the scope of the programme-assessment performed by the Polish Accreditation Committee. It was specified in the Act that the Polish Accreditation Committee performs the programme assessment, i.e. assessment of the quality of education in individual fields of studies.	The measure will have an impact on the improved quality of education.	The effectiveness of communication with universities in terms of changes introduced by the Act.	The Act will have no impact on the state budget.	The changes are aimed at separating the control over the fulfilment of formal aspects of carrying out studies, which may be performed on the basis of the information included in the POL-on data base (the System of Information on Higher Education), from the evaluation of elements having a direct impact on the quality of education and requiring expert knowledge.
CSR 2	d) Improving the labour market-relevance of education and training	7	Increasing the quality of education and better adjusting the education offer to the requirements of the modern labour market	The national system of tracking graduates' employment outcomes was launched. The information on the situation of graduates on the labour market is publicly available on the website <a href="http://absolwenci.nauka.gov.pl/">http://absolwenci.nauka.gov.pl/</a> . The reports published on the website are prepared on the basis of data from the system of the Social Insurance Institution and from the POL-on system of information on higher education.	The measure will have an impact on the improved quality of education.	Completeness of the data submitted by universities to the POL-on system.	As subsidy for the Information Processing Centre amounting to PLN 348,870.55.	The instrument will contribute to better diagnosing the needs of the labour market in terms of qualifications, which will make it possible to adjust the curriculum.

CSR 3	a) Take measures to remove obstacles to investment in transport infrastructure	1	<p>The objective of the measure is to simplify administrative procedures related to the preparation and performance of railway infrastructural investments</p>	<p>By the Act of 7 July 2016 amending the Act on the railway transport and certain other acts (Journal of Laws item 1257), the following changes were introduced with regard to:</p> <ul style="list-style-type: none"> <li>- new obligations of purchasers and sellers of properties,</li> <li>- verifying dates of arrangements,</li> <li>- accelerating the processing and eliminating interpretation doubts,</li> <li>- the possibility to waive the right to compensation,</li> <li>- the possibility to exploit the structural sub-system by the manager during the period before gaining the permit for approving for use,</li> <li>- making more flexible the process of revising the multiannual programme of investments in railway lines,</li> <li>- limiting the ban on afforestation,</li> <li>- introducing changes to the Act on public finance with regard to the management of funds from the Railway Fund.</li> </ul>	Not applicable.	<p>The measure was completed. There are no risks with regard to the process of implementing new solutions.</p>	<p>The entry into force of the prepared regulation did not trigger any expenditure from the state budget or from the budget of Local Government Units .</p>	<p>The expected result of the regulation is to shorten the time for performing railway investments co-financed from the EU funds, in particular the investments performed under the National Railway Programme.</p>
CSR 3	a) Take measures to remove obstacles to investment in the construction sector, and increase the coverage of spatial planning at local level	2	<p>The main objective of the National Railway Programme is to strengthen the role of the railway transport in the integrated transport system of the country by creating a coherent and modern network of railway lines</p>	<p>On 23 November 2016, the Council of Ministers adopted the Resolution No. 144/2016 of the Council of Ministers amending the Resolution on the introduction of the National Railway Programme for the period up to 2023. The change of the National Railway Programme is particularly determined by financial issues, i.e. the need to settle projects, which are implemented under the EU perspective 2007-2013, and the change of the Decision of the European Commission on the phasing of projects between the perspective 2007-2013 and the perspective 2014-2020. The changes involved the revision of values of selected projects, transfers were made between the basic and reserve lists, some projects were merged and some parts of other projects were separated for the implementation in stages.</p>	Not applicable.	<p>The significant amount of allocation to railway projects under the National Railway Programme is related to the risk that not all resources will be used due to delays in the performance of investment tasks. The Ministry of Infrastructure and Construction in cooperation with PKP PLK S.A. and the EU Transport Project Centre monitor the progress in the performance of individual projects on an ongoing basis. Additionally, the High Level Group attracting representatives of PKP PLK S.A., the Ministry of Economic Development, the Ministry of Infrastructure and Construction and of the European Commission was appointed in order to identify horizontal barriers and prepare potential corrections to the way investment tasks are performed and to the principles of the investment process.</p>	<p>The total value of projects included in the National Railway Programme amounts to PLN 66.5 billion. The financial structure of the projects consists of both the EU funds - the Cohesion Fund ( IE OP, CEF), the European Regional Development Fund ( EP OP, ROP), and national funds - the state budget, the Railway Fund and own resources of the infrastructure operator PKP PLK S.A. (inter alia credits, bonds).</p>	<p>The performance of the National Railway Programme will make it possible to rebuild 9 thousand km of tracks by 2023. Furthermore, it will be possible to drive trains at a speed of over 160 km/h on the distance of 350 km, while the ETCS system will be installed on the distance of 2 thousand km. By 2023, it is planned to achieve the average speed of 40 km/h for freight trains and to connect 18 voivodeship centres with modernised lines allowing to reach the average speed of 100 km/h.</p>

CSR 3	a) Take measures to remove obstacles to investment in transport infrastructure	3	Building a coherent and modern system of national roads in order to ensure the effective functioning of the road passenger and freight transport	<i>The National Roads Construction Programme for years 2014-2023 (with the perspective up to 2025)</i> is ongoing, as approved by the Council of Ministers on 8 September 2015. The Programme involves a diagnosis of the current state of the road sector and the specification of directions of measures and of investment priorities for the development of the network of national roads in Poland.	Not applicable.	The risk resulting from the financial gap between the resources allocated to the Programme and the actual costs of the planned investments. This gap is estimated to amount to approximately PLN 90 billion.	The amount of PLN 168.4 is allocated to the investments included in the Programme (including PLN 46.8 billion from the state budget and PLN 121.6 billion from the National Road Fund).	The document assumes the completion of the construction of series of express ways and motorways and the construction of 57 ring roads within the system of national roads.
CSR 3	b) Take measures to remove obstacles to investment in transport infrastructure	1	Increasing the saving of energy both by end recipients, as well as during its production, transfer and distribution	The Act of 20 May 2016 on energy efficiency (Journal of Laws of 2016, item 831) entered into force on 1 October 2016 and replaced the Act on energy efficiency of 15 April 2011. The new regulation implements the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC and lays down principles for developing a national plan of measures on energy efficiency, tasks for units of the public sector in the field of energy efficiency, the principles for fulfilling the obligation to save energy and the principles for carrying out energy audits in enterprises.	Decreasing the consumption of primary and final energy.		The statutory tasks imposed on the President of the Energy Regulatory Office will be financed under the limit of expenditure mentioned in part 50 of the state budget without the need to increase it. The estimated revenues of the National Fund for Environmental Protection and Water Management from substitution fees will amount to PLN 397.5 million in the years 2016-2018.	In accordance with the Directive 2012/27/EU, significant changes were made to the valid system of energy performance certificates and the possibility to fulfil the obligation for entities obliged to pay the substitution fee was limited.
CSR 3	c) Take measures to remove obstacles to investment in transport infrastructure	1	Increasing the quality of spatial planning acts. Simplifying the administrative procedure to receive the decision about the construction permit. Coordinating the performance of public-utility investments with spatial planning	The draft Act - the Urban Planning and Construction Code - was prepared and submitted to public and inter-ministerial consultations. The Code is to implement three objectives: 1) Restoring and ensuring effective spatial management and strengthening social participation in spatial planning (on all levels). 2) Improving the predictability and facilitating the investment and construction process by respecting the spatial order. 3) Effective location and performance of public investments.	Not applicable.	During the period before the entry into force of the Code and of a package of additional Acts, it will be necessary to carry out a promotional campaign and trainings in order to present its solutions, in particular to bodies of the public administration, investors, specialists (inter alia architects) and citizens. If not undertaken, this may result in the non-performance or a significant delay in the performance of the objective due to a low level of understanding of the solutions of the Code and practical limitations in their implementation.	The works are not sufficiently advanced to establish their financial effects.	The project regulates the investment process in a comprehensive way, starting from the creation of the spatial policy on all levels of administration in the country, through the receipt of the investment permit, to the final performance of investments.

### 3. Involvement of social and economic partners in the works related to the European Semester and the course of social consultations.

#### EU documents evaluated by social and economic partners

In the course of the European Semester, social and economic partners were informed about the documents published by the European Commission. The Independent and Self-Governing Trade Union "Solidarity" (NSZZ "Solidarność") and the All-Poland Alliance of Trade Unions (OPZZ) and the Polish Craft Association (ZRP) submitted remarks to the Commission Communication [Annual Growth Survey 2017](#) (AGS 2017).

The NSZZ "Solidarność" finds the quality of jobs in the EU to be the most important problem. It points out that it is still common in many countries to use temporary employment, in particular among young people. Therefore, the priority should become to combat insecurity in the labour market. In this context, the Trade Union's evaluation of the functioning of the Youth Guarantee is more sceptical than the one of the EU, including the effectiveness of internships, which are used as a substitute for employment by enabling entrepreneurs to reduce their operational costs, while they result in permanent employment to a small extent. In the opinion of the Trade Union, the Guarantees reach only 40% of the target group and do not reach persons of the NEET community.

Agreeing with the position of the Commission that the increased equalisation of opportunities requires to ensure the accessibility of high-quality services and material benefits, including an appropriate housing policy, the NSZZ "Solidarność" emphasises at the same time that the fulfilment of this demand requires a more flexible approach to managing budget deficit. The NSZZ "Solidarność" is of the opinion that the Commission overestimates the capacity of the economy of sharing, which does not ensure an adequate level of protection for employees and may decrease tax revenues and revenues of the social security systems. With regard to the increase of the retirement age, as recommended in the AGS, the Trade Union is of the opinion that the fulfilment of this demand should take into account the quality of medical services in individual countries and the average healthy lifespan of citizens.

While welcoming the fact that the AGS 2017 emphasises the aspect of social justice, the All-Poland Alliance of Trade Unions (OPZZ) emphasises that the European Union must compete by its sustainable economic and social model, while the social management should be treated equally as the economic management. Therefore, the social and ecological indicators should become an integral element of the monitoring process under the European Semester, including with regard to the targets of the UN 2030 Agenda for Sustainable Development.

The OPZZ is of the opinion that effective and integrating public services supporting social cohesion must play a significant role in the economic policy of the EU Member States in order to strengthen the social dimension of the EU. The state should also use its capacities to influence the attitudes in the economy through good practices of the public administration, including the sustainable and socially responsible disbursement of public funds with regard to public procurement. With regard to public procurement, the NSZZ "Solidarność" additionally emphasises the need that the Member States must promote the so-called social clauses, while pointing out that the awareness of the social dimension of public procurement remains on a low level in Poland despite of the implementation of the respective directives. Furthermore, the OPZZ points out that international trade and investments agreements of the EU should take into account the social dimension and should be accompanied by the monitoring of complaints related to the respect for i.a. employee rights and environmental requirements, in which the social partners will be engaged.

The OPZZ expects that the EU will support the Member States in combatting tax frauds and practices of tax avoidance, which is also consistent with the expectations of the NSZZ "Solidarność". While agreeing that the tax system may contribute to combating income disparities and poverty, the OPZZ

calls for decreasing the tax rate for the poorest and for increasing the tax rate for the population with the highest incomes, as well as for charging all work-related incomes with social security contributions. With regard to the expenditure, the expenditure which increases the accessibility of housing for persons with the lowest income and the expenditure on research and development are treated as a priority.

While agreeing that the human capital and social infrastructure belong to the areas in which public investments should concentrate, the OPZZ points out that the increased accessibility of public services should be accompanied by the care for the high quality of jobs in the public sector, including the care for safe work conditions and decent remuneration for work.

The OPZZ is of the opinion that the Member States should particularly engage in eradicating the socially harmful segmentation of the labour market. Basic rights with regard to remuneration and work conditions should be guaranteed to those performing work under non-typical forms of employment and under self-employment. Similarly, employees of smaller companies should be guaranteed the same level of protection in terms of H&S and minimum wage requirements, as employees of large working establishments benefit from.

The OPZZ demands that the industrial policy of the EU should take into account the principles of the so-called fair transformation. The adjustment of economies to the challenges posed by climate change, energy provision or globalisation and the related potential loss of jobs should be compensated by creating new high-quality jobs.

The OPZZ emphasises that the social and economic policy of the EU should focus on the activities which create conditions for increasing remunerations for all employees, in particular those living on the lowest incomes. In order to prevent the decreasing share of remunerations in GDP, which may be observed in Poland in recent years, it is necessary i.a. to increase the minimum wage so that it reaches 50% of the average remuneration as a minimum. The issue of the decreasing share of remunerations in GDP not only in Poland, but in the whole EU on average, is also addressed by the NSZZ "Solidarność", which treats it as a source of diminishing global demand, as discussed in the AGS.

Both trade organisations favourably evaluate the fact that Commission emphasises the role of social dialogue in the economic management in the EU; however, they recognise the need to more strongly highlight the activities for strengthening the potential and role of social partners. At the same time, they draw attention to the fact that the dialogue must not be limited to the issue of remunerations, but must be carried out in a much wider dimension due to the complexity of the modern economy. A worrying phenomenon is the decreasing coverage of employees by collective agreements in some of the EU Member States, although, as pointed out by the trade unions, they could become an effective tool in combating disparities and favour the increase in remunerations and labour productivity.

The Polish Craft Association (ZRP) also welcomes the fact that the AGS emphasises the role of social partners in the European Semester and points out the challenge to strengthen the potential of social partners. In each of the Member States, this may refer to other areas and competences. The ZRP recognises that the AGS does not refer to the announced launch of the implementation of the European Pillar of Social Rights in 2017, the preliminary objectives of which raised quite a lot of concerns and controversy in 2016. The Polish Craft Association is of the opinion that it should not be treated as a new framework for the EU legislation. The framework is established in the Treaties.

The ZRP expects that by proposing solutions to strengthen the single market, which the ZRP is for, the Commission will equally take into consideration all basic freedoms, i.a. it will not limit the freedom to render services by limiting the possibility to legally delegate employees by simultaneously omitting abuses and pathologies around the freedom of movement of persons or capital.

In the light of the persisting problem of unemployment, particularly the long-term one, the ZRP draws attention to the steady need to improve conditions for carrying out economic activity by

taking into account the specific nature of SMEs, in which the major part of jobs are created. Furthermore, the ZRP is of the opinion that the focus only on start-ups of scale-ups may be interpreted as an approach discriminating other companies and disregarding their needs or problems, i.a. the problem of “succession” in mature companies having the potential to invest. Furthermore, employers, in particular the small and medium ones, find important such issues as the reduction of the tax wedge or the system of education adjusted to the needs of the modern labour markets and enterprises. This means that in the light of current demographic challenges investments in education and life-long learning are equally important as manufacturing and infrastructural investments. The ZRP is simultaneously of the opinion that it is not right to favour young people in this respect. It would be more appropriate to follow the approach of European social partners which refer to the “inter-generational approach”.

The partners also submitted their remarks to the working document of the EU *Country Report – Poland 2017*. In the opinion of the NSZZ “Solidarność”, the construction of the *Report* has not improved in order to equalise economic and social elements; it also lacks an overall evaluation of incomes to and expenditure from the state budget. As evaluated by the Trade Union, the appointment of the Fiscal Policy Council will not improve the quality of the budget policy management and will just generate additional operational costs. The Trade Union shares the opinion expressed in the *Report* that the inclusive education is highly important and it is necessary to improve the indicators related to the life-long learning. It is also considered important to indicate those elements which increase the geographical mobility, including the housing policy, transport infrastructure, the accessibility of care facilities for children, and the recognition of the need to integrate the health care system with the social care system in the context of the long-term care. The Trade Union upholds its demands expressed in the opinions to the reports for previous years, including the demand to cease competing by low incomes, to strengthen the system of collective negotiations for building a balance between the incomes of employees and the profits of enterprises, as well as to monitor migration and immigration processes. The Trade Union does not agree with the firm statement about the expected decline in professional activity as a result of the measures announced or introduced by the government (the lowering of the retirement age, the *Family 500+* Programme, the minimum hourly wage rate, or amending the Act on the employment of temporary employees). The Trade Union does not share the opinion of the Commission about the factors hindering the wider use of employment contracts for an indefinite period, while pointing out that the Polish legislation lacks provisions which would sufficiently protect social rights of those being laid off by violating the employees’ rights, including those covered by a specific form of protection against dismissal. With regard to the tax system, the Trade Union upholds the evaluation about its insufficient progressivity and upholds its position that the decreased VAT rates are an important instrument to support the poorest and families. The Trade Union is astonished by the fact that the *Report* does not refer to the issue of social dialogue, while reminding that only 11% of Polish employees are covered by collective agreements. In the opinion of the Trade Union, the *Report* insufficiently addresses the employment of young persons, which is still a significant social problem in Poland, lacks a reference to the situation and progress in increasing the employment among persons aged 50+, investments in the so-called silver economy, and the possibility to introduce an unemployment insurance scheme.

Similarly, the OPZZ is sceptical of the fact that the *Report* focuses on the macroeconomic evaluation of the economy and conditions for carrying out economic activity, while referring less to social issues, although the social dimension of the EU management should be treated equally as the economic one. The OPZZ is of the opinion that it is right to point out the insecurity as a reason for limiting investments, related to the direction of the economic policy of the state and fast changes to the legislation, without adequate social consultations, which adversely impacts the quality of regulations. Quoting the findings of the *Report* that unit labour costs have moderately increased in recent years and have not had a major impact on the competitiveness of the economy and on the level of



employment, the OPZZ points out that the minimum remuneration for work should reach 50% of the average remuneration as a minimum, and this value should fulfil the criteria of decent remuneration. In the opinion of the OPZZ, the *Report* does not address the issues of poverty of working people and of social disparities as those requiring intervention - therefore, it critically evaluates the recommendation to limit the use of the reduced VAT rates, which would worsen the conditions of life for households living on the lowest incomes. While demanding to extend participatory forms of management, the OPZZ concludes that the measures undertaken by the government in this respect are either insufficient or contrary to its declarations. This is reflected in the Act of 2016 on the principles for the state property management, which violates, as evaluated by the OPZZ, the right of employees to freely select their representatives to bodies of capital companies, which was not included in the *Report* to the evaluation of ownership changes in the economy. The OPZZ is critical of that the remunerations in state budget institutions were frozen for 2017 (for the following year) and of how the judgment of the Constitutional Tribunal on the tax-free amount is implemented. In the opinion of the OPZZ, the tax-free amount should be increased up to PLN 8,000, tax burdens for the lowest income persons should be increased and tax rates for persons in the best income situation should be increased. The OPZZ is concerned about the approach of the Commission services to employee guarantees in the Polish labour law, resulting mainly i.a. from the achievements of the international law and listed in the *Report*, i.a. the regulation hindering the use of employment contracts for an indefinite period. The OPZZ welcomes the fact that the *Report* emphasises the significance of the initiatives for limiting the segmentation of the labour market; however, it points out in this context that it is crucial to exercise effective control over the way economic activity is carried out, to correct practices in the very public administration, in particular in the field of public procurement. The OPZZ agrees with the evaluation of changes in the education system which do not address actual needs and are not based on recommendations resulting from existing surveys and a comprehensive evaluation.

As the above-mentioned trade unions, the Polish Craft Association (ZRP) does not support the recommendations of the Commission with regard to limiting the use of the reduced VAT rates in Poland - both from the point of view of the social interest and of micro enterprises. The ZRP is of the opinion that in the evaluation of changes in the tax system the European Commission did not take into consideration that the reduced corporate income tax rate of 2016 would bring benefits mainly to companies with limited liability, which violates the principle of tax equality and disturbs competition between entrepreneurs. The ZRP is of the opinion that the *Report* does not address the ineffectiveness of the employment agency scheme despite of huge costs it generates. The functioning of the National Training Fund should also be improved. As evaluated by the ZRP, the European Commission has constantly been devoting too little attention to vocational education in its annual reports and does not address the issue of dual education in Poland in any way. It does not recognise the difference in the employability of graduates from vocational schools depending on the form of practical classes. The fact is that pupils who study in the dual system and are simultaneously employed as young workers perform much better on the labour market than pupils of vocational schools with other offers of practical classes. The ZRP agrees with the observations of the Commission concerning the difficulties facing Local Government Units in the implementation of strategies combining vocational education and trainings with key sectors for the regional development. It is necessary that regions and organisations of employers, including the micro and small ones, jointly develop vocational education plans. In the opinion of the ZRP, the macro view of the Commission on the area of investments does not take into consideration the fact that the currently available instruments of supporting investments are actually not used by micro and small entrepreneurs due to i.a. complex criteria for their use, the lack of knowledge, and above all due to the sceptical evaluation of their effectiveness. The ZRP points out that the policy for entrepreneurship lacks elements which would allow to increase the potential and strengthen the already existing micro and small companies. In this context, it favourably assesses the intents by the Polish government to turn around and reconstruct the industrial sector so that it is able to generate

corporate bonds with small entities. With regard to the EU funds, the ZRP observes that the definition of an innovative product/technology (smart specialisation) should be changed in favour of small enterprises. The Regional Operational Programmes for individual voivodeship use the term of preferable industries (key industries). Micro and small enterprises, including the craftsman's ones, rarely belong to these industries. This restriction should also be relieved. The Commission has long been in favour of deregulating professions and points out the "significant progress of Poland" in this respect. The ZRP agrees that it is important to remove of barriers in carrying out economic activity, but the deregulation must not be carried out without any reflection. Having many years of experiences, the ZRP calls for restoring the requirement to acquire professional qualifications in order to start and carry out economic activity in those professions, which are not insignificant for the health and security of persons and their property and for the security of other entities. In the opinion of the ZRP, the *Report* should also include the challenge facing the general economic self-government.

### **Social and public consultations of the NRP 2017/2018 - main comments**

The draft *NRP 2017/2018* was submitted for consultations by organisations having their representatives in the Team for *Europe 2020* strategy. Under the consultations, opinions were submitted by the Independent and Self-Governing Trade Union "Solidarity" (NSZZ "Solidarność") and the All-Poland Alliance of Trade Unions (OPZZ), the Trade Unions Forum, the Polish Craft Association (ZRP), the Employers of Poland, the Polish Confederation Lewiatan, and the Polish Committee of the European Anti-Poverty Network (EAPN POLAND). Furthermore, the Alliance of Associations Polish Green Network (Polish Green Network (PGN)) and the Zero Waste Polish Association (Zero Waste) submitted their remarks during social consultations. The draft NRP 2017/2018 was also discussed at the forum of the Team for *Europe 2020* strategy on 7 April 2017.

In the submitted opinions, partners place great emphasis on developing and strengthening the dialogue between social partners and the government in the implementation of the *Europe 2020* strategy and of the European Semester, in particular with regard to the Social Dialogue Council. The partners are of the opinion that the NRP does not sufficiently take into consideration the issue of unemployment, in particular the long-term unemployment and the unemployment among youths. The partners also demand that much greater emphasis should be placed on the prevention of poverty, in particular the extreme and energy one, while taking into account i.a. the need to change thresholds for social interventions.

While supporting the philosophy behind the legal solutions of the so-called Business Constitution, which are aimed at facilitating and organising the principles for carrying out economic activity, the NSZZ "Solidarność" draws attention to the fact that the regulations of the Constitution should promote measures for concluding supra-corporate and corporate collective agreements, secure work conditions and steady employment enabling the individual development of employees, as well as should encourage employers to associate in employers' or producer's organisations. The Trade Union simultaneously emphasises that the solutions included in the Business Constitutions must not facilitate, somewhat "by the way", for dishonest entrepreneurs to avoid legal provisions to the detriment of employees, diligent employers and of the whole economy; this particularly refers to the possibility to exercise efficient control by public institutions (this aspect is addressed by the other remaining federations of trade unions). The Trade Union is of the opinion that the NRP neither addresses the outflow of employees under the external professional mobility and the related threats, nor presents ways to prevent and remove its effects. The Trade Union also evaluates that the *Report* does not contain sufficient information concerning plans related to age management and to the so-called silver economy. The Trade Union expects comprehensive social consultations to be carried out with regard to the measures planned under the Capital Accumulation Programme, as announced in the NRP.

In the opinion of the OPZZ, in order to increase the percentage of those working in the economy it is necessary to extend the NRP by further measures enabling to reconcile family and professional life. In particular, it becomes more necessary to increase institutional aid for families with regard to the care for the elderly, which is performed mainly by women and limits their activity in the labour market. The state will also need to intensify its measures for increasing the participation of persons with disabilities in the labour market. These initiatives should be coherent with the measures which must be undertaken to increase the healthy lifespan of citizens. The OPZZ draws attention to the need to create conditions for increasing disposable incomes of citizens, which is related to appropriately structuring the system of remunerations in combination with the increased labour productivity. In the opinion of the OPZZ, the increased minimum wage and increased remunerations in the budgetary sphere will contribute to balancing the national development and consolidating social inclusion. As assessed by the OPZZ, the current pace of increasing R&D expenditure raises questions as to the possibility to achieve the national target of the *Europe 2020* strategy in this respect. It is necessary to prepare efficient instruments which will encourage companies to invest more, including in the projects increasing the innovativeness of enterprises. The OPZZ emphasises that the measures under the NRP for increasing the air quality should be combined with the programmes to support citizens in adjusting their heating systems to the environmental requirements. It is also demanded that the NRP should be extended by the information on planned measures for the so-called fair transformation of the economy with regard to the implementation of the EU climate policy. In order to achieve the target for education, as evaluated by the OPZZ, both the education of teachers and the curriculum should be supplemented by the knowledge of employee rights, trade unions, social dialogue institutions, as well as the principles of corporate social responsibility. In the field of fighting poverty and social exclusion, the OPZZ proposes to add measures in the tax system (i.a. increasing tax-deductible expenses and tax-free amounts for employees, increasing tax rates for those with the highest incomes), as well as to consolidate the accessibility of housing for those living on the lowest incomes.

The Trade Unions Forum finds it necessary to uphold the path of increasing the valid minimum wage of 2017 and the minimum hourly rate, which should be accompanied by the stimulation of the remuneration policy in the sector of enterprises by strengthening the participation of employees' representatives in collective negotiations with employers. New legislative solutions should increase the participation of employees in corporate management. In the opinion of the Trade Unions Forum, greater emphasis should be placed on strengthening the functioning of autonomous and independent institutions of social partners in the performance of their tasks related to the representation of entrepreneurs and employees. The government should also undertake measures for increasing remunerations in the budgetary sphere. While finding the measures proposed in the NRP for the circular economy justified, the Trade Unions Forum concludes that the NRP lacks financial incentives for gminas and residents and expects that concrete programmes from the state budget or the EU funds be specified for these measures. The Trade Unions Forum is of the opinion that the measures of the government for defining the National Climate and Energy Programme in full agreement with social partners are delayed. The Forum also expects a more active policy for employees from the sectors which are exposed to the energy transformation. In particular, it finds it desirable to create the so-called Fair Transformation Fund to be financed from 2% of revenues from the auctions in emission allowances.

While generally supporting the planned measures for simplifying the system of implementing the EU funds in Poland, the Polish Craft Association (ZRP) points out that the Regional Operational Programmes use the term of preferable (key) industries, while micro and small enterprises, including the craftsman's ones, rarely belong to these industries, which limits their access to the EU funds. The point is that the society, in particular the key industries, would not function correctly without these companies. Therefore, this restriction should also be relieved. The ZRP also requests to modify the definition of an innovative product/technology (smart specialisation) in favour of the needs of micro

and small enterprises so that it covers economic projects based on traditional technologies, but involving i.a. an ecological manufacturing process (i.a. the food sector), small series (the textile industry), or the uniqueness of products in the sector of art crafts. While favourably assessing the intent to strengthen the industrial sector in Poland, the ZRP points out that the investment support instruments should also take into consideration the needs of smaller companies, if they are to be a corporate back office for larger economic operators. In the context of the insufficient participation of adults in the education related to the skills necessary for work, the ZRP draws attention to the gap in the planned reform of vocational schools, while demanding that the sector vocational school of the second stage be both a school for youths and adults. The ZRP emphasises the strong traditions of the dual system of education in Poland, present in the craftsmanship (comp. the Industrial Law of 1933), as the craftsman's system of validating qualifications is an integral part of the dual formula of education in crafts. The ZRP favourably evaluates the abandonment of the individual creation of curricula in vocational schools and the return to uniform vocational curricula in all vocational schools. Under these changes, it is however worth establishing a path for modifying the Programme in favour of justified needs of employers. The curricula for sector schools of the first stage must also include references to young workers and multi-profession classes, while the time devoted to school classes and practical classes in work establishments should be divided equally during the whole education period in vocational schools.

In the opinion of the Employers of Poland (PRP), the adoption of the *Responsible Development Strategy* does not remove the insecurity as to further legislative changes which have an impact on the activity of entrepreneurs (the same opinion is shared by the Polish Confederation Lewiatan). The insecurity will significantly be limited only when the practice confirms its overriding nature against particular initiatives of individual ministries and draft Acts put forward by members of the Sejm. While referring the amendment of the Act on the employment of temporary employees, which is already processed by the Sejm, the Employers of Poland are concerned that the restrictions it involves will limit the use of temporary employment, which will have an adverse impact on the situation of the very temporary employees. The Employers of Poland are critical of the course of the legislation procedure with regard to the draft Act - Water Law. As the regulation has a significant impact on the competitiveness of enterprises, it is necessary to carry out decent consultations in good faith with those entities the provisions will refer to. In the opinion of the Employers of Poland, the changes related to the lowering of the retirement age have an adverse impact on both the stability and adequacy of the pension system, as well as on the participation in the labour market (which is coherent with the opinion of the Polish Confederation Lewiatan).

While referring to the issue of the regulatory business environment, the Polish Confederation Lewiatan emphasises that the economy and its entities must be sure that if they have any doubts as to the regulations adopted by the Sejm, they will be able to approach competent institutions to explicitly decide on these legal issues. In particular, the NRP should include proposals increasing the predictability of the legislation process and ensuring the extension of social consultations. The Polish Confederation Lewiatan would expect a more explicit specification in the NRP which Acts will be introduced to the Polish legal system in the years 2017/2018 under the Business Constitution. The Polish Confederation Lewiatan supports the project to create 16 Centres for Arbitration and Mediation in order to professionalise the profession of a mediator and decrease the burden put on the state justice. With regard to the reform of the education system, it would expect above all to present information on the planned changes to the curricula and methods of teaching so that it is possible to assess their correctness from the point of view of the labour market and of the ongoing changes on the labour market, at least as a result of digitisation and robotisation. The Polish Confederation Lewiatan critically assesses the measures undertaken in the health care system, while finding them chaotic and not in the right order, giving preference to large centres in urban agglomerations, and without specifying the reform of financing health services, including the liquidation of the National Health Fund. In the area of energy and climate, the Polish Confederation

Lewiatan is of the opinion that the revision of the long-term vision for the Polish energy system should be included in the list of the main and most urgent tasks for years 2017-2018. As evaluated by the Polish Confederation Lewiatan, the Polish education system is not adjusted to the needs of the labour market, including the fast changing needs in terms of employees' competences, which makes it necessary to change as soon as possible. Therefore, the Polish Confederation Lewiatan critically assesses the schedule of measures for the vocational education system in the NRP.

As evaluated by the EAPN, the division of contents between the Convergence Programme and the NRP is not clear, in particular with regard to the tax reforms. It is significant because tax changes are not important only in terms of revenues of the state, but also in terms of their impact on the incomes and expenditure of poor households. This refers to both direct and indirect taxes. This was confirmed by the Constitutional Tribunal, while questioning the tax-free amount, which should not be lower than the subsistence income. The EAPN also reminds that social partners pointed out the erroneous estimation of the achievement of the target to fighting poverty already in 2013, i.e. two years after the target had been approved in the NRP 2011. It turns out currently that the amount of the increased target, as proposed by the partners, may be exceeded. The EAPN would welcome that the NRP includes the presentation of the contribution of child benefits (under the *Family 500+* Programme) to fighting poverty of families and children, as well as future changes in this type of benefits and potentially to other pecuniary child benefits. The EAPN emphasises that the pecuniary benefits must not be viewed as the only measure with regard to fighting poverty and social exclusion. The documents of the Commission point out several other pillars apart from pecuniary services: the inclusive labour market and social services (including education and health protection). The EAPN would expect to specify planned measures also in these areas.

In the opinion of the Alliance of Associations Polish Green Network, the draft revision of the NRP in the area of energy refers to the problems of the sector to a limited extent, as diagnosed i.a. by the Commission in the *Country Report* (i.a. the lack of the long-term strategy for the energy sector, regulatory barriers for the development of renewable energy), while the concrete solutions for the sector of energy in the NRP - the draft Act on the Capacity Market and the programme for developing nuclear power - raise significant substantive doubts and are poorly related to the diagnosed problems. The Polish Green Network emphasises that the development of dispersed renewable energy would correspond to the target of territorially sustainable development under the *Responsible Development Strategy* and to the targets of the *Europe 2020* strategy than nuclear power. In light of the high energy intensity of the Polish economy, the Polish Green Network does not understand why the NRP does not include any reference to the public support programme for the thermo-modernisation of housing buildings, which would replace the currently suspended *Ryś* Programme, although it had been announced that such a programme would be introduced in the area of transport; it is concluded that the NRP does not include any measures for improving the competitiveness of freight railway transport (including the issue of payments for the access to the railway infrastructure - in the situation, in which the majority of roads may be used without any fees). In the area of the environmental protection, the Polish Green Network particularly emphasises the need to start a decent and comprehensive public discussion on the amendment of the Water Law, while reporting a number of reservations to the current draft amendment. The measures of the NRP for improving the air quality are viewed as correct, however insufficient. In particular, it demands that Local Government Units should be free to decide and establish zones of limited emissions and to reduce smog alarm norms. An important measure would also be to reduce taxes on green fuels and to take into account an instrument in the form of environmental taxes. The Polish Green Network also points out that the development of waterways in Poland, justified by the need to decrease transport emissions, is not the correct solution of the problem, as it entails a catastrophic interference in the ecosystems of rivers being an invaluable natural heritage in Poland and generates several billions of expenditure, while the reduction in transport emissions is expected to be small.

The NRP should include rather more ambitious measures for accelerating the modernisation and extension of the railway network.

In the opinion of the Zero Waste, a road map of Acts concerning waste should be prepared, at least on the basis of the work schedule on the package of the circular economy of the European Commission. It will be necessary to change the system of financing selective waste collection schemes by introducing the extended responsibility of producers, using other economic incentives to limit the volume of source waste type PAYT, decreasing taxes for repair companies so that products may be used and recycling stations, increasing fees for storing and burning waste rather than relying on the non-functional ban on storing waste.